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SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Gavin Newsom
MAYOR

AGENDA

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REGULAR MEETING

May 11, 2004
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable E. Dennis Normandy, President
The Honorable Robert J. Costello, Vice President
The Honorable Ann Moller Caen
The Honorable Adam Werbach
The Honorable Ryan L. Brooks

DEPARTMENTS
Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

BUREAUS
Customer Services
Environmental Regulation & Management
Financial Services
Human Resource Services
Information Technology Services
Infrastructure Division
Real Estate Services
Strategic & Systems Planning
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY

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Disability Access

The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #42 Downtown Loop, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Mary Y. Jung at (415) 554-3165 or our TYY at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

Know your rights under the Sunshine Ordinance
(Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Donna Hall, Clerk, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: Donna.Hall@sfgov.org. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code §2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300; fax (415) 581-2317; web site at www.sfgov.org/ethics.

ORDER OF BUSINESS:

1. Call to Order

2. Roll Call

3. Approval of Minutes

4. Communications

5. Old/Ongoing Business by Commissioners

6. Introduction of New Business by Commissioners

7. Report of the General Manager

   a) Federal and State Legislative Update (Arena)

   b) Local Legislative Update (MacLachlan)

   c) Siting of Combustion Turbines (Labonte)

   d) Storage Objectives and Calaveras Dam Project (Wade)

   e) Clean Water Master Plan and Recycled Water Plan Integration (Carlin)

   f) Response to Public Inquiries Regarding CIP (Kelly)

   g) CIP Schedule (Kelly)

   h) SFPUC/Department of Environment Proposed Reorganization (Martel)

8. Public Comments

   Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 11th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-3424.

CONSENT CALENDAR

9. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

a) Staff Recommendation: Approve the rejection of all bids for Contract No. CW-376, As-needed Sewer Cleaning at Various Locations, approve the revised plans and specifications, and authorize the General Manager of Public Utilities to re-advertise the contract as Contract No. CW-376R, 17th Street, Treat Avenue and Harrison Street Sewer Cleaning; to receive, and evaluate bids. The engineer's estimate is $500,000.

b) Staff Recommendation: Award Contract No. WD-2444, Broderick Street 8-Inch Ductile Iron Main Installation, in the amount of $933,007, to J. Flores Construction.

c) Staff Recommendation: Award Contract No. WD-2447, Canada Road to Highway 92 Fence Replacement, in the amount of $127,400, to Central Fence.

d) Staff Recommendation: Award EDAW & Turnstone Joint Venture (JV) a professional services agreement to provide specialized environmental analysis services under Agreement No. CS-732, Calaveras Dam Project – Environmental Analysis Services; and authorize the General Manager of Public Utilities to execute a professional services agreement with EDAW & Turnstone JV for an amount not to exceed $3,500,000, and with a duration of 1,460 calendar days.

REGULAR BUSINESS

10. Presentation and discussion related to Rate Fairness Board's "Report on Wastewater Rates." (Martel/Adams)

    Staff Recommendation: For discussion only. A public hearing regarding an increase to wastewater (or sewer) rates will be held during the May 25, 2004 Regular Commission Meeting.

11. Discussion and possible action related to a Memorandum of Understanding for a lease at San Francisco International Airport. (Labonte)

    Staff Recommendation: Approve a Memorandum of Understanding dated April 30, 2004 and entered into with the San Francisco Airport Commission for the lease of a 2.03-acre parcel at San Francisco International Airport. This is the location where one of the four natural gas turbines of the San Francisco Combustion Turbine Project is proposed to be located subject to further City and State project approvals.

12. Discussion and possible action related to amending the Hetch Hetchy Water and Power Fiscal Year 2005 capital budget to increase the funding for Project CUH962, the San Francisco Electric Reliability Project. (Labonte)

    Staff Recommendation: Amend the Hetch Hetchy Water and Power Fiscal Year 2005 capital budget by adding $6,000,000 to Project CUH962 - San Francisco Electric Reliability Project in the Hetch Hetchy Capital Program.

    Project development costs will outpace the development Escrow payment deposit schedule as provided by the State of California to the City and County of San Francisco. The $6,000,000 will cover the development costs for the Project in Fiscal Year 2005. The development costs will be reimbursed from the Escrow Account established by the State, as deposits are available to draw upon.

CONSTRUCTION CONTRACTS

Award

13. Discussion and possible action related to Contract No. WD-2434. (Fung)

    Staff Recommendation: Award Contract No. WD-2434 48-Inch Lincoln Way Transmission Pipeline from Sunset Reservoir to 6th Avenue, in the amount of $8,644,069, to Mitchell Engineering.

14. Discussion and possible action related to Contract No. WD-2349R. (Continued from the meeting of April 27, 2004.) (Martel/Swanson)

Staff Recommendation: Award Contract No. WD-2349R, Thomas Shaft Water Supply Improvements, in the amount of $1,198,785, to Proven Management.

Amend

15. Discussion and possible action related to Contract No. HH-906. (Larramendy)

Staff Recommendation: Approve Modification No. 2 to Contract No. HH-906, increasing the duration by an additional 33 consecutive calendar days for a total contract duration of 289 consecutive calendar days. This proposed revision will increase the contract amount by $255,434 for a total amount of $891,014. The increased contract amount will pay for additional resurfacing of a connecting road and provide for some minor repairs of this connecting road. The additional chip seal work will be done at the same unit cost as bid in the original contract scope.

PROFESSIONAL SERVICE CONTRACTS

Award

16. Discussion and possible action related to CS-748A, CS-748B and CS-748C. (Labonte)

Staff Recommendation: Award three professional services agreements to Brown and Caldwell/ Carollo Engineers/ Metcalf & Eddy Joint Venture (BCM Joint Venture) to provide planning and engineering assistance for Clean Water Master Plan Planning and Engineering Services: Nos. CS-748A, CS-748B and CS-748C; and authorize the General Manager of Public Utilities to execute three professional services agreements with BCM Joint Venture for an amount not to exceed $2,500,000, $1,750,000 and $1,750,000, respectively, for Agreements Nos. CS-748A, CS-748B and CS-748C, with a duration of 36 months from the date of the Notice to Proceed for each individual agreement.

CLOSED SESSION

17. Public comments on matters to be discussed in Closed Session.

18. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

19. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8: (Milstein)

Property:	Alameda County Lands Parcel 65
Parties Negotiating:	Pacific Sand and Gravel SFPUC - Dowd/Milstein
Under Negotiation:	Unsolicited Lease Proposal

20. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8: (Sole/Sullivan)

Property:	In San Francisco, approximately 4.5 acres of the Potrero Power Plant Site, bounded by 23rd Street and the former streets known as Louisiana, Humboldt, and Michigan Streets.
Parties Negotiating:	Mirant Potrero LLC and the SFPUC
Under Negotiation:	Terms and Conditions of Option Agreement

21. Public Employee Appointment/Hiring – Pursuant to Government Code Section 54957 and San Francisco Administrative Code Section 67.10(b):

Position:	General Manager, Public Utilities

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN PUBLIC SESSION.

22. Announcement following Closed Session.

23. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT

City and County of San Francisco
Public Utilities Commission
1155 Market Street, 11th Floor
San Francisco, CA 94103

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1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable E. Dennis Normandy, President
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DEPARTMENTS	BUREAUS
Water Department	Customer Service
City Distribution Division	Environmental Regulation & Managemer
Water Supply & Treatment	
Hetch Hetchy Water & Power	Financial Services
Clean Water Program	Human Resource Services
Water Pollution Control	Information Technology Services
	Infrastructure Division
	Real Estate Services
	Strategic & Systems Planning
	Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY

ORDER OF BUSINESS:

1. Call to Order: 1:36 P.M.

2. Roll Call: Present – President E. Dennis Normandy, Vice President Robert J. Costello, Commissioner Ann Moller Caen, Commissioner Adam

Werbach, Commissioner Ryan L. Brooks

3. Approval of Minutes

There were no minutes to approve

4. Communications

5. Old/Ongoing Business by Commissioners

Commissioner Brooks asked if a letter, dated May 6, 2004, from Mr. Norman Hodges, stating "Any increase will force us to consider using the Ellis Act to decrease our ever-increasing water and sewage bills," could be discussed under Item 5. President Normandy stated it would be more appropriate to discuss it during Item 10—the report on wastewater rates.

President Normandy announced that Item 10 would be called out of order around 2:30 P.M. to accommodate the schedule of Mr. Matt Adams, Chair of the Rate Fairness Board (RFB).

Commissioner Werbach asked for a summary of the findings on broadcasting Commission meetings. Ms. Mary Jung, Commission Secretary, stated she provided written information to the Commission and asked for direction. She stated cable TV would not make a definite commitment on dates until they received a formal request and to make a decision on a yearly schedule and budget allocation might require an agenda item. She noted she understood the main concern was for broadcasting the rate hearing and she had found funding for three meetings.

Commissioner Werbach voiced he thought the Commission was unanimous in believing it was critical for the public to have access to the Commission deliberations on wastewater and other issues by television. He stated he assumed it was the will of the Commission to submit a formal request.

President Normandy asked for other Commissioners' input. Commissioner Brooks supported broadcasting. Commissioner Werbach urged moving forward with it. Ms. Jung agreed to do so. Commissioner Werbach expressed his thanks and for President Normandy's support.

Regarding policy research, Commissioner Werbach stated he appreciated the work staff had done providing information on what other agencies in the country had done to codify their own policies. He hoped to take the information and have a meeting in which he and Commissioner Brooks could talk with staff about SFPUC's future policy recording.

President Normandy clarified that Commissioner Brooks had raised the issue about the construction and process of agendas and Commissioner Werbach raised the issue of codifying Commission policies and that he had asked them each to take those respective tasks. He stated he was delighted both commissioners wanted to take the lead on such matters.

6. Introduction of New Business by Commissioners

Commissioner Werbach shared that Ms. Patricia Stillman, President of Save Our Sunol, had been hospitalized. He stated for public record he thought it appropriate for the Commission to send best wishes for her speedy recovery.

President Normandy concurred and requested staff send a letter on behalf of the Commission wishing Ms. Stillman continued health and recovery.

7. Report of the General Manager

a) Federal and State Legislative Update

Ms. Suzanne Arena, Manager of Government Affairs, stated Mr. Darryl Owen, SFPUC Federal Lobbyist, was not in attendance as he was monitoring the Budget Conference Committee in Washington D.C. Regarding the Federal update, Ms. Arena stated the most important item was that the House and Senate Resources Committees were not intending to reach a budget reconciliation this year. She stated this meant the U.S. President's proposed fee increase for Hetch Hetchy was not as threatening as originally thought as it was unlikely Congress would take action on it. She stated most likely, the proposal would return next year and it was important for the remainder of the year and next year to lobby Congressional members and to work with stakeholders, irrigation districts and the Bay Area Water Supply and Conservation Agency (BAWSCA) regarding the impact the fee increase would have.

Ms. Arena shared that the House and Senate committees both approved Calfed reauthorization bills and they would move into conference and differences would be reconciled. She stated though SFPUC did not directly benefit from Calfed, it would be supportive of the process.

Ms. Arena briefed the Commission on the State issues. She stated PG&E had some concerns about AB 594, the SFPUC-sponsored legislation allowing San Francisco to build large-scale solar projects and PG&E to either purchase the power generated by SFPUC or credit another City account. She stated SFPUC was working closely with PG&E, Assemblyman Mark Leno and State Senator John Burton to reconcile the concerns and reach a compromise. Ms. Arena stated

AB 2528 had been approved unanimously in the Assembly and would go to the Senate.

Referring to a communication from Ms. Arena regarding the Association of California Water Agencies (ACWA) extending an invitation for a Commissioner to sit on the Region 5 Board that meets twice a year, President Normandy stated regional representation from the SFPUC was important and requested that either the President or Vice President be assigned and for Ms. Martel and Ms. Arena to make the appropriate communication to ACWA. Commissioner Brooks concurred it was the proper direction at this time.

Ms. Vicki Clayton, SFPUC Legal Counsel, stated the item was not calendared as an action item. She stated it needed to be calendared at the next meeting to appoint an official Commission representative. President Normandy requested the item be calendared and to advise ACWA the matter would be addressed at a future meeting.

b) Local Legislative Update

Mr. James MacLachlan, Manager of Local Government Affairs, stated the Citizen's Advisory Committee (CAC) was enacted by the Board of Supervisors (BOS). He stated the next step was for the BOS and the Mayor's Office to make appointments to the CAC. He stated when the CAC was in place, the formation of the Wastewater Subcommittee would follow.

Mr. McLachlan announced Supervisors Gerardo Sandoval, Chris Daly, and Aaron Peskin had called for hearings on the flooding issue, one of which was scheduled for May 13. He stated SFPUC representatives would be attending and an inter-agency Flooding Emergency Response Task Force had been convened to examine City-wide response to flooding emergencies.

Regarding sewer rates, Mr. McLachlan stated Supervisor Tony Hall's Office had called for a hearing on the sewer rate issue, scheduled for the City Services Committee on May 20. He stated SFPUC had been apprising the Mayor's Office on the current status of the rate adjustment issue.

Mr. McLaughlin stated Emergency contracting was covered in the annual Government Affairs Plan and research was being conducted on the way the City did emergency contracting and amending the process was under consideration.

Mr. McLaughlin stated the S.F. Stat Task Force was a goal of the Mayor's Office and that SFPUC was working with them as a participant in the program.

c) Siting of Combustion Turbines

Ms. Julie Labonte, Director of Infrastructure Development, stated Commissioner Werbach and other Commissioners at the last Commission meeting had expressed interest in the process used to site the four Combustion Turbines (CT) obtained from a settlement with Williams. She stated her presentation would summarize the first phase related to site selection, noting a second phase would evaluate the site. She stated her presentation would cover an overview of the project need and purpose, objectives, outreach activities, and would focus on the analysis conducted to evaluate the various site alternatives.

Ms. Labonte stated the San Francisco Electricity Resource Plan (SFERP), approved by the Mayor and the BOS in December of 2002, outlined an overall strategy to close the Hunter's Point Power Plant (HPPP) and other old generation units in the City. She stated the strategy involved the development of new, operationally flexible, natural gas-fired generating resources and other energy resources. She noted it was critical to recognize that SFERP was only one element of a long-term approach to ensure reliable, affordable, sustainable, and clean sources of electricity for San Francisco. She stated the City was developing a comprehensive portfolio of resources to attain the goal.

Ms. Labonte stated the objective of SFERP was two-fold: 1) improve the City's overall electrical reliability, and 2) close old, more polluting, in-City generation.

President Normandy requested Ms. Labonte to hold off concluding her report in order to accommodate taking Item 10.

REGULAR CALENDAR

10. Presentation and discussion related to Rate Fairness Board's "Report on Wastewater Rates."

Ms. Martel began the presentation with a summary of the proposal for context and the public's benefit. She stated the RFB first convened in February 2004 and had held seven regularly scheduled meetings, in addition to working with SFPUC staff in reviewing a sewer rate study. She stated five of the meetings were public hearings to generate public input for which a report had been written. Ms. Martel gave a brief overview of the initial rate study and staff's proposal.

Ms. Martel displayed a graph that indicated sewer rates had not kept pace with inflation as a result of a sewer rate freeze from 1998-2002, noting the last sewer rate increase was in 1997. She stated that rates were not consistent with the cost of services and that

during the freeze, the Bay Area Consumer Price Index (CPI) had increased 26.5%. She stated Proposition E of November 2002, lifted the sewer rate freeze and mandated that SFPUC conduct a rate study and establish the RFB. She stated the consultant Black and Veatch was hired to conduct the study.

Ms. Martel next displayed a graph indicating how SFPUC costs had been managed since the rate freeze. She stated costs had been held down by keeping positions vacant and by restructuring the debt service in January of 2003. She stated the operating reserves had been relied on during the time period, which was a risk the SFPUC no longer wanted to continue.

She stated an action was necessary because SFPUC expenses were projected to increase from $152 million in 2005 to $196 million in 2009. She stated the increase would result from a 3% increase in operating and maintenance costs and a 5% increase in Repair and Replace (R&R) spending. She stated debt service would increase in fiscal year 2007, from $37 to $70 million. She stated current revenues of $140 million would continue to cause the gap to widen.

Ms. Martel stated Black and Veatch reviewed the current rates in detail and their study recommended a one-time 30% increase to immediately bring the sewer enterprise into financial health. She stated the SFPUC staff review of the recommendation found a one-time increase was not a prudent manner to manage the sewer enterprise's finances and staff took the Commission's directive and policy direction to develop a staff recommendation based on providing regular and predictable increases to meet SFPUC financial goals. She stated staff's recommendation was for regular increases of 11% over the next three years. She stated this proposal was reviewed with the RFB as was Black & Veatch's study. She noted a delay in increasing sewer rates would merely postpone the inevitable.

Ms. Martel stated the 11% increase in revenue would have the following results for users. She stated the current lifeline rate would increase from $1.86 to $2.18 (16.8% increase); the regular residential rated would increase from $4.83 to $5.4 (12.9% increase); and the non-residential would increase from $5.34 to $5.88 (9.6% percent). She noted the existing rate structure was not correctly allocated with non-residential customers paying more than their fair share, so the residential increase as proposed was greater. Ms. Martel gave an example of an average bill as a monthly cost, noting SFPUC bills were bimonthly. She stated the average user, equivalent to 2.2 persons, was figured at 175 gallons per household per day, or 5, 250 gallons per month. She stated the combined water and sewer bill would increase to $42.81 a month, an 8.8% increase of $3.46. She stated the example provided a gauge.

Ms. Martel reminded those present that SFPUC was a combined system in which the treatment facilities provided for sanitary and storm water treatment and was more costly than agencies that did not treat storm water. She presented a chart comparing Sand Francisco with other agencies such as Seattle, San Diego, East Bay Municipal Utilities District (EBMUD), Central Contra Costa, and San Jose. She pointed out at present SFPUC was in the middle of the range with the other agencies and with the proposed increase, SFPUC remained within the range, still falling below EBMUD. She stated the comparison indicated the proposed rate increase was reasonable.

Ms. Martel recapped that there was a widening gap between SFPUC revenues and projected expenditures over the next five years. She stated three separate annual increases of 11% would provide the necessary revenue in order to meet operating requirements and that an 8% potential increase was considered modest and something rate payers could tolerate.

President Normandy thanked Ms. Martel for providing the context for the rate deliberations and asked Mr. Adams' to proceed with his presentation.

Mr. Adams stated the RFB had a tremendous amount of work to do after their first meeting on February 4. He stated Mr. Bill Wilkinson and he served as the small business representatives and Mr. Howard Ash and Ms. Bobbrie Brown served as residential customer representatives. He stated the City was represented by City Administrator Bill Lee, Controller Ed Harrington, and Mayor's Director of Finance Monique Moyer. He stated at inception the RFB received the SFPUC staff's presentation followed by Black and Veatch's and RFB's first meetings were dedicated to understanding the context of the recommendations. He stated maintaining and improving the financial condition of the sewer enterprise guided the RFB. He stated the recommendations were based on actual cost of service, with consideration of conservation and incentive measures to enhance conservation.

Mr. Adams stated many questions arose when RFB investigated staff's recommendations. He stated halfway through it became apparent that further research was needed on the three-year proposal, and that the RFB felt uncomfortable recommending a three-year increase of 11% per year. He stated the RFB did not wish to approve the increase and have to come back in the next year to find the 11% increased substantially. He stated RFB decided to focus on a one-year rate recommendation.

Mr. Adams stated investigation revealed the current allocated cost of service was disproportionate amongst the customer classes. He stated the RFB 11% increase recommendation would be distributed

differently to the different users. He stated the lifeline residential customer increase would be 15.6%; the regular residential customer would be 11.2%, and non-residential 9.3%, noting the residential category would have differences for single-family and multi-family units. He stated additionally, it was felt that rates could be designed to achieve a low-income discount, but the mechanism for implementing it was not sufficient at this time.

Mr. Adams stated the one-year 11% increase would achieve the goal of keeping the utility solvent for the year and would continue operations to the level of service citizens expected. He stated during the five public hearings, some public members made it clear that citizens were not opposed to paying more, but expected improvements in service. He stated for that reason, RFB studied the amount of capital expenditures and the R&R being conducted. He stated it was felt that without an increase the R&R budget would be drawn down. He stated that was undesirable and that staff had been tasked to develop an optimum level of R&R funding that rate increases would be able to support.

Mr. Adams stated with the 11% recommendation, the current funding level of $135.5 million in fiscal year 2004 would result in a revenue change to $150.5 million for fiscal year 2005. He stated the forecast of wastewater volumes being one-half percent higher had been accepted. He stated staff had agreed to the revised cost of service allocations recommended by Black and Veatch. He stated the RFB thought the 95% flow factor would more accurately allocate cost of service for residential customers than 90%.

Mr. Adams stated lifeline (baseline conservation) rates would be studied in the next year. He explained that every user, regardless of their economic status, received a 3 ccf lifeline allowance. He stated the RFB was unanimous in its opinion that the lifeline policy needed to be reviewed and opportunities to provide true low-income rate relief needed to be studied in a proper format. He stated no change to the lifeline rate structure was being recommended at this time until it received further review.

Mr. Adams stated the RFB would be further researching the wastewater strengths currently used by staff. He stated RFB recommended the elimination of the wet weather discount affecting 200 business users. He stated the RFB had looked at the issues of multi-family users and units in relationship to the issues of rent and pass-throughs by landlords, noting it was complicated but needed to be put forward. He stated the initial conversation about lifeline and a true economic relief policy had begun. In relation to implementing conservation, he stated much of San Francisco was paved over, which created more flow into the system. He stated discussion about potential incentives to recreate an environment that could handle groundwater runoff that was currently being treated would be

beneficial.

Mr. Adams concluded that the RFB recommendations were included in its 30-page report and they would be continuing work in the summer. He stated the RFB's rate recommendation for next year would encapsulate all the issues and provide a means to put the utility on stronger financial footing for future years.

Ms. Martel injected that staff now fully concurred with the RFB's recommendations.

Commissioner Brooks thanked the RFB for their work and presentation. He stated a letter, dated May 6, 2004, had been received from Mr. Norman Hodges which inferred that any increase in the sewer rates would make him consider using the Ellis Act to increase the rates of tenants. He asked Ms. Clayton how the Ellis Act could relate to the rate increase.

Ms. Clayton stated she had not seen the letter, but thought when the person talked about using the Ellis Act, they were thinking of withdrawing their rental property from rentals, therefore no longer being a rental property under the Ellis Act. She stated she would have to research the matter.

Commissioner Brooks requested clarification on the effects of the Ellis Act and President Normandy concurred the matter should be pursued and the City Attorney's Office should provide more information at the May 25 meeting.

Commissioner Brooks asked how long it would hold if the rates were increased to 33% over three years. Mr. Adams stated the initial proposal of a three-year rate increase at 11% each year, was a five-year rate span. He stated the projections to date showed that the three consecutive 11% increases would cover the entire five-year program.

Commissioner Brooks asked if it was a possibility that at the end of the fifth year the RFB come before the Commission and say, "We need to increase the rates again." Mr. Adams clarified that the initial staff proposal to RFB was a five-year rate forecast. He stated he would assume some readjustment might be needed for year six and beyond.

Commissioner Brooks asked if the rates would increase with the CPI after the fifth year. Ms. Martel stated one of the variables that needed to be taken into consideration was the fact that a Clean Water Master Plan (CWMP) was to begin for the sewer enterprise. She stated the results of the CWMP would be completed in the next two to three years, from which a capital program would result and ultimately increase rates. She stated the rates being proposed for

the next three years were an effort to bring the sewer enterprise up to a level of funding it currently needed. She stated increases would result from the CWMP and that there would be increases beyond the five-year period.

Commissioner Werbach stated one of his concerns was that residential rates were going up more significantly than other users. He asked that the decision for that be addressed as well as the ramifications of cost of service. Mr. Adams responded that the short answer was that through the rate freeze, the non-residential customers were subsidizing the cost of service for residential and multi-family users. He stated the imbalance was considered in resetting the rate structure by using the true cost of service to all users, which resulted in a shift to a greater increase for residential and multi-family customers. He stated the intent and the requirement was to bring the system back into balance.

Commissioner Werbach stated he was underwhelmed by what was achieved on conservation and lifeline as it was critical. He stated it was frustrating because the voters asked for conservation as part of the authorization of the rate increase. He asked if it was believed no one had ideas or if it was that they had not been found, noting conservation was a relatively new science. Mr. Adams replied that initially, not many ideas were found, and the RFB recognized more work needed to be done.

Commissioner Werbach pursued Commissioner Brooks' question regarding the interaction of the proposed increase of sewer rates to the CWMP, and the capital expenditure projections within the rate structure. Ms. Martel stated, like the CIP for the water system, when the CWMP was completed and a capital program was developed, a financial plan would be developed detailing costs, including rate adjustments over the life of the program.

Commissioner Werbach stated he posed the question to gain understanding about what direction the SFPUC was heading, offering that a 10-year time horizon and a $2 billion expense were worthy of consideration. Commissioner Werbach stated the RFB's choice of a one-year proposal made sense and he supported it.

Commissioner Caen asked if the 11% increase would cover all SFPUC projected expenses. Mr. Adams responded it would for the next year, including a fully-funded R&R program.

Public Comment:

Mr. David Pilpel, San Francisco resident, stated he had followed the RFB closely in the last few months, and congratulated the RFB and SFPUC staff for working closely together and understanding the context of the system in a short period of time. He stated the RFB's

report spoke for itself demonstrating they had studied the issues carefully and presented a fair and balanced approach. He stated the work moved SFPUC in the right direction and expected that next year's report would be more complete. He stated his support for the increase.

Mr. Alex Lantsberg, Alliance for a Clean Waterfront, suggested SFPUC look to Los Angeles for conservation program ideas. He stated LA had an amazing conservation program for its sewer system and water system, and that they were integrated. He stated to keep the systems separate was both a dearth of leadership and vision. He also suggested that SFPUC look at what academics were doing related to conservation.

Mr. Howard Ash, RFB Member, thanked his RFB colleagues and staff for its help. He addressed some of the Commission's questions. With respect to the five-year versus 10-year issue, he clarified that the new Charter language from Proposition E, stated "staff shall look at a five-year rate forecast," and that was what staff did and was the reason 10 years and beyond were not considered. He stated RFB did look at the conservation issue and it appeared on page 24 of the RFB report.

Mr. Ash stated the structure of rates in place for residential was an increasing block rate. He explained that currently with the lifeline rate, there was a low rate for the first block of usage and a higher rate for the second block of usage. He stated if customers stayed within the first block, there was a financial incentive for conservation. He stated RFB was examining doing away with that structure in the future and moving toward a true lifeline rate that would be income-based. He noted other utilities that utilize that system had one rate for low income users and a higher rate for non-low income users, which subsidized the low income rate.

Commissioner Werbach thanked Mr. Ash for his response on conservation. He asked how well SFPUC was doing on cost. Mr. Ash responded that it was not within the RFB's purview to have authority over enterprise budgets. He stated RFB was given a proposal by staff specifying an amount of money needed and RFB looked at the amount needed and what was the fair way to recover it from the different classes of customers.

Commissioner Werbach asked if the RFB had looked at the budget. Mr. Ash replied RFB had not.

Mr. Emeric Kalman, San Francisco resident, quoted from the RFB Report – Section 6.2, Capacity Charge – "The philosophy behind this type of charge is that it provides a mechanism for new or growing users of the system to pay for the equity portion of the existing capital stock that is serving their needs." And, "In its compressed

time for analysis this spring, the RFB did not address the issue of the capacity charge. We choose, therefore, to defer to the staff, and to its consultant, and recommend the establishment of this capacity charge." Mr. Kalman stated he wanted to see the mathematics on the capacity charge of $1012 per equivalent dwelling unit. He commented that hundreds of millions of dollars had probably been lost by not charging the capacity charge for new developments in the City. He commented that the presentation was complicated and recommended the information be simplified into a brochure format.

President Normandy asked Ms. Martel to direct Mr. Kalman to the staff and RFB members who could address his questions. Ms. Martel agreed to do so.

Mr. Adams responded to Mr. Kalman's comments, stating the RFB was recommending a capacity charge be implemented. He stated it was not addressed, but upon looking at the Black and Veatch information and staff's recommendation, it was felt the charge of $1012 per equivalent dwelling unit could be adopted.

President Normandy thanked Chairman Adams and the RFB for their continuing work and stated the Commission looked forward to the hearing on May 25.

Staff Recommendation: For discussion only. A public hearing regarding an increase to wastewater (or sewer) rates will be held during the May 25, 2004 Regular Commission Meeting.

ORDER OF BUSINESS:, cont.

7. Report of the General Manager

c) Siting of Combustion Turbines, continued

Ms. Labonte continued on the subject of the project objectives. She highlighted that the project was one element of a long-term incremental multi-faceted approach with the goal of closing all in-City fossil fuel generation. She stated the first goal with the approach was to close the HPPP, to be followed by shutting down the peaker units at the Potrero Power Plant (PPP).

Ms. Labonte stated justification for the project's need would come from an answer to the question, Why was City generation needed? She stated the City was served by a combination of power imported via a transmission system and power produced within the City, both of which had constraints and shortfalls. She stated the current generation was between 28 and 46 years old. She referred to a recent City study comparing the reliability of in-City generation with other California Independent System Operator (ISO) units, stating in-City generation units were three times more likely to be

unavailable than average. She stated there were four levels of constraints on the transmission side. She stated ISO indicated both transmission and generation resources were necessary to reliably serve the City, and there would always be a need for in-City generation to ensure reliability even if additional transmission capabilities were secured.

Ms. Labonte next addressed how much in-City generation was needed. She stated the answer was related to if the Jefferson-Martin line was going to be built and put in service. She stated without the line, the City's goal would be to close both HHPP units. She shared ISO testified at a recent meeting with the BOS's City Services Committee, stating HPPP could be closed if the City sited three CTs in the City and completed certain transmission projects. She stated with the addition of the Jefferson-Martin line, the City's goal would be increased to closing both HHPP units and the peaker units at PPP. She stated an October 2003 ISO letter indicated that 400 megawatts of generation would be needed north of San Mateo if the City wanted to achieve the goal. She stated the 400 megawatt generation could be achieved by siting three new CTs at PPP and one new CT at SFO. Ms. Labonte stated the City was continuing work with ISO to further understand and refine the in-City generation requirements under several scenarios, including with and without the Jefferson-Martin line. She assured Commissioner Werbach that SFPUC was being more aggressive in negotiations with ISO from his recommendation.

Ms. Labonte stated the SFERP siting process was divided into two phases. 1) She stated Phase One, completed April 2004, selected a proposed site for which the remainder of her presentation would cover the analysis conducted in selecting to site three CTs at PPP and one CT at SFO. 2) She stated Phase Two, initiated a few weeks ago, consisted of a detailed evaluation of alternatives and environmental review of alternative sites, including the two proposed sites, noting PPP would be analyzed as part of the siting and permitting process and SFO would be evaluated as part of the San Francisco Planning Department review process.

Ms. Labonte covered the main criteria of Phase One. She stated to increase the City's reliability goals and close HPPP, ISO studies indicated the addition of new generation was needed on the PG&E 115 kV electrical system north of the Martin substation. She stated initial focus was on parcels located north of the Martin substation and in the vicinity of one of the four existing San Francisco115 kV substations. She stated another important criteria was the control of scheduling costs. She stated prompt closure of HPPP was important for relieving the Bayview community from the impact of fossil fuel and to avoid the stringent NOX emission limits imposed by the Bay Area Quality Management District. She stated PG&E was intending on using Interchangeable Emission Reduction Credits (IERC) to

avoid installing expensive NOX emission reduction equipment. She stated the problem was PG&E was allowed to use IERCs through 2005, but beyond 2005 their use was questionable. She stated if the City did not move quickly, PG&E would be in a position of needing to invest in NOX emission reduction equipment, for which they might desire to operate the plant longer to recover the investment.

As for the cost issue, Ms. Labonte stated the settlement agreement with Williams allowed the City to be reimbursed for reasonable development, construction, and operation costs. She stated to minimize the City's financial risks it was important to track and control all project costs because whatever was not reasonable by DWR would need to be covered by the City. She stated to control costs and schedule, the CTs needed to be located in the vicinity of one of the San Francisco 115 kV substations.

Based on siting criteria, Ms. Labonte stated it was determined the area surrounding the Potrero Substation was the most promising for the interconnection of the project. She presented a map identifying industrial areas, the four existing substations, and the main natural gas transmission line, noting the Larkin Substation lacked industrial land, the Mission Substation was away from the natural gas transmission line, lacked sufficient land parcels, and was close to commercial and residential areas, and the Hunter's Point Substation was eliminated due to environmental justice issues. She stated this left the industrial zoned Potrero Substation, which had sufficient sized parcels and was in proximity to the natural gas transmission system. She stated there were environmental justice issues in the area, but the City was committed to address the concerns through project configuration, design, a mitigation program, and a community benefit package.

She stated the analysis focused on these sites, which could accommodate four CTs. She stated the NRG site could accommodate one CT and the SFO site two CTs. She noted preliminary analysis showed the five Potrero neighborhood sites would incur similar environmental impacts.

She stated the NRG site was at Jessie and Fifth Streets, site of a central steam plant. She stated the site offered the possibility of building a combined cycle co-generation plant, moving community impacts away from the Southeast sector. She stated the problems were air quality, as it was in a highly developed area, and costs, as one CT at that site versus one at SFO increased the cost by $50 million.

Ms. Labonte stated the Western Pacific site was a nine-acre parcel adjacent to the Port's Pier 80. She stated the advantage was it offered the greatest distance to residential areas and did not require demolition of cultural resources. She stated major problems were

the site was in a state land trust and the Port had a proposed Pier 80 plan.

Ms. Labonte stated Pier 70, a five-acre parcel north of PPP, offered more distance to residential areas than PPP. She stated the site was held subject to the terms of a statuary trust grant; therefore, the property was limited by the Burton Act and the City Charter. She stated the more significant problem was there were plans for redeveloping the area as an historic district.

She stated the Cesar Chavez site was the smallest considered for the four CTs. She stated it had the advantages of better distance to the residential area than PPP and did not require demolition of cultural resources. She stated the site was problematic as the owners were not interested in selling the property and indicated property title might become disputed as part of community property. She stated the extremely small site would require a compressed layout resulting in additional costs.

She stated the Illinois site was the largest considered. She stated it had advantages of good distance and no impacts to cultural resources. She stated ownership was a problem because of a variety of owners, real estate trusts and no interest in selling the property. She stated the site was close to a residential area and had potential historic structures on it. She stated the property had an irregular shape, which the City could not fully use resulting in higher costs.

Ms. Labonte stated the Potrero site, a four-and-a-half acre parcel at PPP, was one of two proposed sites and considered for three of the four CTs. She stated the advantages were associated with negotiation of an option agreement with Mirant for the purchase of the parcel. She stated siting three CTs at PPP would make construction of a power plant the size of Potrero Seven infeasible. She stated the non-binding term sheet currently negotiated with Mirant required Mirant relinquish its interconnection upon certification of the City project, which could be a major cost savings. She stated the term sheet negotiation with Mirant required Mirant to permanently shut down all its peaker units, 4, 5, and 6, as soon as the units were no longer needed to sustain electrical reliability. She stated the disadvantages were close proximity to residential area and buildings of potential historical importance.

Ms. Labonte stated the other site proposed by the City was a two-acre parcel at SFO for one of the four CTs. She stated the CT would provide much-needed electrical reliability for SFO and would spread the community impacts of new generation. She stated there were no site-specific drawbacks at SFO but a second site increased project costs.

Ms. Labonte concluded her report addressing the public involvement

during the siting process into four phases. She stated SFPUC conducted 15-20 small meetings during the first phase to introduce the project to a number of stakeholders. In the second phase, she stated small intervenor meetings were held with City officials and staff, Potrero neighborhood stakeholders, and local environmental groups in which intervenors questioned the project's need and purpose. She stated the third phase was in August and September 2003, in which SFPUC facilitated four large workshops in the Potrero and Bayview neighborhoods to discuss the ongoing assessment of alternative sites. She stated a survey was distributed at the workshops to facilitate public input into the project. During the last three months of 2003, she stated phase four comprised ten meetings with smaller groups about progress of the project. She stated not much outreach had been done since but a communication plan was being written and an official event was in the planning for the end of May.

Commissioner Werbach asked for a status report. Ms. Labonte stated a May 1 deadline for site control and data adequacy was achieved. She stated the items submitted were an MOU, a term sheet with Mirant, and evidence of compliance. She stated a satisfied response from DWR was received stating they would closely follow the negotiation with Mirant and would not exercise their right to terminate the PPA, which was compliant with the PPA. She stated a lot of time was being spent on outreach and a public event, under the CEC process, was scheduled for June 15 and included a site visit. She stated the environmental review at the SFO site was underway and there were ongoing activities.

Commissioner Werbach asked about the negotiations with DWR. Ms. Labonte stated new negotiations needed to be initiated related to the PPA, for which the City Attorney's Office was preparing. She stated there was compliance with the existing terms of the PPA, but that forward movement on the project would refine the terms of agreement. She stated detailed schedules and budget were being developed as the project had developed further, noting a budget was requested by DWR was anticipated for delivery in the next weeks.

President Normandy, due to time constraints on the use of the meeting room, commenced discussion on which agenda items to postpone. The Commission and Ms. Martel decided to reschedule Item 7e to May 25, 2004, and Item 7d to June 8, 2004.

d) Storage Objectives and Calaveras Dam Project

e) Clean Water Master Plan and Recycled Water Plan Integration

President Normandy requested that the remainder of the General Manager's Report be taken out of order, beginning with Item 7h

followed by Items 7e and 7f.

h) SFPUC/Department of Environment Proposed Reorganization

Ms. Martel stated in recent days SFPUC had been advised by the Mayor's Budget Office and the San Francisco Department of the Environment (SFDOE) that several proposals had been raised to potentially transfer certain SFPUC activities to the SFDOE. She stated it was proposed that certain staff positions and funding of activities also be transferred. She stated the proposals had arisen because the Mayor was attempting to complete the budget to be finalized on Sunday and today was the first opportunity to bring the proposals to the Commission.

Ms. Martel stated there were three proposals affecting SFPUC activities: water pollution prevention, water conservation, and energy and long-range planning. Ms. Martel proceeded to provide context for the proposals. She stated the proposals had been forwarded without rationale for why transferring the activities from one department to another was being considered. She stated the proposals also did not provide detailed performance measures on which perceived results or actual results could be determined.

As for water pollution prevention, Ms. Martel stated it was proposed that SFDOE take over implementation of the MPDS program, the storm water management plan, and water conservation activities. As for water pollution prevention and water conservation, Ms. Martel reminded the Commission that SFPUC had the legal responsibility for the delivery of certain activities and services. She stated what was proposed suggested both the legal authority and the policy responsibility of the SFPUC Commission could be separated out completely from the activities that delivered and supported the policies and legal responsibilities. She stated this was a gray area, with respect to what activities could and should be separated out from the legal authority and the policy responsibilities related to the various program areas. She stated she would characterize the proposals as the SFPUC retaining the legal authority and the policy-making role and the SFDOE coordinating and implementing the programs. She gave the example of the MPDES permit for the MPDS program, stating it was proposed that the legal authority for the permit remain with the SFPUC, as SFPUC was the permittee by the regulatory agencies, and that the SFDOE sought a role in implementing the permit by negotiating the terms of the permit and its implementation.

Ms. Martel stated it was difficult to separate out the legal responsibilities for activities. She stated she thought SFPUC should retain legal and policy-making authority. She stated if the Mayor's Office, SFDOE, or the Commission desired to have SFDOE coordinate with SFPUC and implement directives or policies of SFPUC by

undertaking certain activities, she stated it would be appropriate that certain funds would be work ordered for activities to be negotiated in an MOU. She stated the way it was proposed with SFDOE taking over certain services and SFPUC retaining authority would be difficult.

Ms. Martel stated the second broad area that was being proposed was the transfer of certain activities of the storm water management program to SFDOE. She stated SFPUC had submitted a storm water management plan to the Regional Water Quality Control Board (RWQCB) for review, for which SFPUC would be responsible for implementing. She stated SFDOE proposed to provide detailed information and comments on the plan. She commented SFPUC developed the plan and would be responsible for it, but SFDOE wanted the responsibility of updating the plan and incorporating changes. She noted certain pieces of the plan were being drawn off, but SFPUC was in the position of ultimate responsibility. Related to pollutants, Ms. Martel stated it was proposed that SFDOE would develop programs to address specific pollutant concerns, such as mercury, pesticides, and trash that pollute the Bay. She stated SFPUC would provide enforcement and infrastructure to support the pollution prevention programs. She stated SFDOE proposed they would report details to the SFPUC Commission and staff related to their activities for SFPUC and to provide reports to the RWQCB.

In the third area, SFDOE had proposed to develop and implement programs to promote water conservation in residential, commercial, and city operations, noting SFPUC had the long-standing responsibility for water conservation activities. She stated it was proposed that SFDOE would take over primary responsibility for water conservation activities, and SFPUC's customer services would provide the necessary customer-related data for the SFDOE to do its job. She stated SFDOE would take over SFPUC's outreach and educational activities and develop incentive and award programs to encourage greater water conservation.

Ms. Martel stated the areas of pollution prevention and water conservation related to coordinated efforts and implementation of programs that were developed by the SFPUC and had been in existence for years. She stated under the SFDOE proposals, SFPUC would maintain responsibility for work in those areas, but 16 positions would be transferred to SFDOE to conduct the activities and $2.6 million to fund them. She stated there would be additional funding that would be required for the SFPUC's activities.

Ms. Martel stated the outline provided was the only information received on the proposals and no detailed implementation plan for water pollution prevention and water conservation had been received. She stated SFPUC staff had looked at SFDOE's proposals. She stated one critical element about the proposed water

conservation program transfer was the separation of activities with no regard for the larger issue of SFPUC water supply planning, noting the transfer of certain conservation activities would have an effect on the options for SFPUC water supply planning. She stated work had begun in the City and with SFPUC's 29 wholesale customers to increase conservation activities and to reduce the need for increased supply in the future. She stated the models that had been developed paved the way for critical policy discussions the Commission would have to have with the staff related to the CIP. She stated SFDOE's proposals did not address those water supply planning issues. She stated staff looked at the potential for support by the SFDOE, if the Mayor's Office wanted SFDOE to take over certain water conservation activities. She stated staff believed there were opportunities to establish a more collaborative effort with SFDOE to enhance services to targeted accounts, to provide cross-training for inspectors, and to assist in broader public education and outreach. She stated this would mean coordinating and implementing SFPUC programs and assisting in doing a higher level of outreach and marketing of the services SFPUC historically implemented itself. She stated work-ordering money to SFDOE to help facilitate collaboration had been considered.

President Normandy inquired if the proposals were generated by the SFDOE. Ms. Martel answered affirmatively.

President Normandy asked if they were generated in tandem with any members of the Mayor's Office. Ms. Martel responded that SFPUC had had inquiries by the Mayor's Budget Office staff as to how the proposals could be implemented, such as identifying positions and funding. She stated there had been no discussions with SFPUC staff about the merits of the proposals or the basis for making the changes.

President Normandy stated SFPUC had worked closely with the SFDOE and for the record, found it reprehensible and questionable that another City department, at the eleventh hour of a budget process, would present such proposals to the Commission. He stated he was willing to be quoted for saying the proposals were ill conceived and smacked of a naked power grab on the SFPUC, given that there were legalities that protected SFPUC from this.

Commissioner Brooks commented it seemed it had been a one-sided conversation and thought the decision needed to be based on sound information. He asked to put together a paper outlining the issues associated with this type of move.

President Normandy responded it was ridiculous that such proposals be imposed upon the SFPUC at the last minute and was incumbent on the people charged with the direction and policy of SFPUC to take a public stand.

Commissioner Caen asked if the issue came up at the environmental breakfast. Ms. Martel stated it first surfaced at the Earthday breakfast from Mayor Gavin Newsom. She stated the framework of the proposal dated back to Mayor Willie Brown's administration, at which time the issue had been raised. She stated she had never received any written proposal in the way SFPUC had just received one.
President Normandy asked if the proposals were received today. Ms. Martel stated SFPUC staff received them last Friday.

President Normandy stated the Commission received it today. Ms. Martel noted she had no direct contact with the Director of SFDOE until last week.

Commissioner Caen stated if an answer needed to be made by Sunday, the answer would be no.

Commissioner Costello stated he was appalled that the proposal surfaced, that he was against it and would never support the move.

Commissioner Werbach stated he saw it in two ways and that SFPUC was being called into question on how well it does its work. He stated he believed a signal was being sent by the Mayor's Office that the SFPUC was not producing this work as effectively as other departments might, noting his words were a cutting comment. He stated he believed the Commission was environmentally sensitive, but did not believe SFPUC had done a good enough job communicating that to the public. He stated, if asked, the public response was not one that believed the SFPUC was functioning as an environmental steward. He clarified this was a statement of fact, not one of opinion. As an example, he stated he was disappointed to hear today during the sewer rate report that staff found no possibilities for a sewer rate conservation plan. He stated it was a challenge to look at the substance of some of the issues because he did not have facts. He asked legal counsel to respond to the proposals from the legal perspective.

Ms. Clayton stated Proposition E made it clear that the SFPUC had exclusive jurisdiction over all of the utility's property assets, finances, and operation. She stated this meant that the Commission might not abdicate or delegate responsibility for its core functions, which she stated were not always easy to determine. She stated delivery of water service was a core function, but possibly, accounting was not a core function. She stated the Mayor had authority under the Charter to organize and reorganize the executive branch, but the Mayor could not organize and reorganize the water delivery service function because it was a core function of the SFPUC Commission. She stated there were two ways to go: 1) The Commission could delegate or another commission or department could assume non-core functions such as accounting.

2) The Commission could retain policy and control authority over the function and work-order money to another department to perform the activities for SFPUC under its direction and control.

Commissioner Brooks addressed Commissioner Werbach's comment that the perception of the Commission was not good, stating his perception was different. He stated in talking about the Commission, staff was part of the equation and he thought the SFPUC staff did an incredible job. He stated he garnered this opinion from talking to other regional water boards throughout the nation. He augmented his original comments stating it was important to look at how the proposals would affect the system. He stated he thought an objective look at the process was owed to SFDOE, the Mayor's Office and the Commission, by looking at the positives and negatives of the process and how it would affect the system.

President Normandy commented no commission should make deliberations at the eleventh hour and echoed Commissioner Caen's opinion that if a decision were made today it would be no.

Ms. Martel proceeded with background information on the SFDOE proposal related
to energy efficiency and renewable generation projects. She stated SFDOE would take over all power and long-range planning projects related to existing and new facilities. She stated the proposal included a summary for fully implementing the SFERP and the Mayor's Energy Conservation Account (MECA). She stated it was proposed to take over 14 of the existing 20 positions related to the activities, and $11 million in funding to implement the programs and services. Ms. Martel noted the Mayor's Budget Office made no inquiry on this proposal and that the SFPUC Finance Director had heard there was no clear indication as to going forward with it. She stated the proposal had been circulated and the SFDOE Director had indicated to her there was support from the Mayor's Office.

Mr. Smeloff stated describing the proposal as an outline was generous, as it was scanty, considering it was the transfer of a major function from one organization to another. He stated today was the first time he had seen it in writing. He stated he was bewildered as to how SFDOE would be disrespectful to his staff and the Commission in putting the proposal together without discussing it with SFPUC. He stated he thought the proposal was flawed. He stated if SFDOE had thought through the proposal it would have been obvious that it would greatly damage the direction the HHWP program was moving. He stated the best practices of electric utilities were those that integrated supply-side and demand-side responsibilities and to integrate energy efficiency with the sources of electricity generation.

Mr. Smeloff stated energy efficiency had environmental attributes as

it could reduce pollution and greenhouse gas effects, noting it was in essence an electric utility program and a resource for meeting customers' needs. He stated it allowed SFPUC to avoid going out to the market to buy expensive peaking power. He stated usage by customers could be controlled through effective deployment of energy efficiency. He stated if taken away, it would raise the cost of operating HHWP's electric enterprise. He stated there would be less reliability because energy efficiency allowed for better management of the grid. He stated the reason it was disappointing that SFDOE put the proposal forward was because SFPUC had built a good energy efficiency and renewable technologies team and established excellent business relationships with some of the major City departments—Moscone Convention Center, DPW, DPT.

Mr. Smeloff stated SFPUC had the legal authority under the City Charter to enter into design-build agreements and construction contracts. He stated SFDOE did not have that responsibility. He stated work was being done to integrate solar with energy efficiency to make solar cost-effective and pointed to the Moscone project as a prime.

Mr. Smeloff stated he wanted to work together with the SFDOE, as had been done on the development of the SFERP. He shared the SFERP stated it was SFPUC's and HHWP's responsibility to serve municipal customers with energy efficiency services and it was SFDOE's responsibility for serving private sector, residential and business customers. Mr. Smeloff urged the Commission to go on record in opposition to the SFDOE proposals as it had not been thought through as to how it would improve the delivery of services to municipal agencies.

Mr. Medbery stated the issue caused a great deal of concern and opined that it was poorly thought out. He stated the water pollution prevention and storm water programs were crucial and integral to operating the Water Pollution Control facilities. He stated SFPUC was accountable for meeting specific permit requirements and spreading responsibilities across multiple departments would make it more difficult for SFPUC to meet its mandates. He stated there were specific pollution prevention requirements in the permit and that water pollution prevention helped meet effluent requirements in the treatment plant and in biosolids management responsibilities..

Mr. Medbery assured the Commission that the programs were effective and that the Regional Water Quality Control Board would agree they were. He stated SFPUC programs had won national and state awards from such organizations as the Association of Metropolitan Sewerage Agencies, the California Water Environment Association (CWEA), and the Water Environment Federation, noting the Oceanside plant was awarded Plant of the Year by CWEA.

Mr. Medbery cited SFPUC's cutting-edge dental mercury program as an example of an excellent program that was delivering exactly what was proposed. He stated it involved work with stakeholders and business associations to elicit support. In summation, he stated it did not make sense to take required and established programs with demonstrated records of success, and split the management across different departments.

President Normandy stated it was not an action item, but requested a response from each Commissioner to formulate a direction for the General Manager to make a response. He stated it could not have a formal vote, as it was not a resolution, but a response was essential. Commissioner Brooks restated that he thought a letter should outline the pros and cons to determine if it could work or not in an effort to do good government and that he could not say if he was for or against the proposals.

Commissioner Caen stated the Commission was not supplied with the proper amount of information, and there was no way to reach any kind of decision at this time.

Vice President Costello concurred, stating he was a "no," regardless of what information was given.

Commissioner Werbach stated his feeling today was "no," because more information needed to be provided. He stated it called on the Commission to do some soul searching. He stated SFPUC needed to be ahead of the curve to be the acknowledged leader nation-wide on environmental issues, so SFDOE could not say they were not. He stated he did not morally oppose it, but opposed it at this time for the fact it would be against due diligence for the Commission to support it.

President Normandy concurred now was the time to address it, stating the constrictions and the limitations meant the answer must be no, stating he understood one Commissioner requested more information. He asked Ms. Martel if she had sufficient direction from the Commission. Ms. Martel stated she did.

Public Comment:

Mr. Pilpel stated for Commissioner Werbach's benefit that staff did not say they could not implement conservation measures with regard to sewer rates, rather that it would take some time, and in conjunction with RFB, staff would be looking at it and thinking it through. He stated he agreed that SFDOE's proposals were a power grab. He stated he supported the creation of the SFDOE, but was disappointed they were looking for programs to take on and were doing it in an inappropriate manner. Related to permitting requirements, Mr. Pilpel stated they appropriately resided in the

SFPUC under the Clean Water Act, EPA, and the State and Regional Water Quality Control Board, noting they were intrinsic to SFPUC's functions. As to planning issues, he commented he did not think there was more competence in SFDOE than SFPUC. He stated it was appropriate that CWMP and electricity planning were in the SFPUC.

Mr. Lantsberg stated it was important to see that Proposition A passed because the situation was too big to fail and the State could not be allowed to take over HHWP. He stated the rate freeze, the requirements of the RFB and Proposition E were indications that people want to see changes within the SFPUC and improvements related to environmental performance. He echoed Mr. Smeloff's viewpoint that there were many things that were fundamentally integral to the planning process that could not be broken off. He commented to make a clean break and have duplicative management structures would create more problems than solve. He stated SFDOE had just put the proposals on the table, but had not identified or specified inadequate performance levels and where they could perform them at a higher level and for citizens it was important to understand what SFDOE thought they could do better.

President Normandy recessed the meeting at 4:34 P.M.

The remainder of the 5/11/04 Minutes are located in Part 2 of 2.

| 41 of 208 |

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5/11/04 Minutes SFPUC Commission - Part 2 of 2 09/15/2004

The beginning of the Minutes can be found in Part 1 of 2.

The meeting reconvened at 4:52 P.M.

President Normandy asked if it was possible to postpone the remaining items in the General Manager's Report. Ms. Martel agreed to do so.

f) Response to Public Inquiries Regarding CIP

g) CIP Schedule

8. Public Comments on matters not on today's agenda.

Mr. Lantsberg had four items. 1) New General Manager. Referring to a letter from Alliance for a Clean Waterfront, he reiterated the importance of having a broad-based executive search for the position. He stated a new general manager should be a consummate professional who understands the interrelated nature of energy and water, have engineering capability, and environmental credibility with the environmental community to build consensus on SFPUC projects. 2) Flooding Issue. He stated he knew SFPUC was working on the issue but urged the Commission to direct Ms. Martel and staff to involve the Technical Advisory Committee (TAC) for solutions that could be implemented quickly. 3) CWMP. He asked if anyone had been tasked with the CWMP as it was understood that Ms. Labonte had been pulled off the program. He stated he had tried to get documents related to the CWMP but had not been successful. He asked for a fee waiver to allow easy public access to materials. 4) Water Operations. He stated at the top of the stairs at Hawes and Innes Avenue, on the northeast corner of Westbrook projects in Bayview-Hunter's Point, there was a significant water leak for the past week. He suggested it be fixed.

President Normandy directed Ms. Martel to make sure that contact be made with Mr. Lantsberg regarding his issues.

Ms. Joan Girardot, Board of Directors of Marina Civic Improvement & Property Owners Association (MCIPOA), stated SFPUC was the proprietor of a Marina Green building, designated to be a resource and archive center. She stated part of the building had been used for

decades by the harbormaster for storage and abandoned by SFPUC. She stated because of SFPUC's action, the Recreation and Park Department (RPD) was using the action as a rationale to build a 1,000 square-foot warehouse on the Marina Green. She stated no building had ever been built on the Marina Green as it was public shoreline open space. She stated MCIPOA was horrified at RPD's proposal. She stated she was bringing the building issue to the Commission's attention for them to reconsider SFPUC's action as an unintended consequence. She shared that no neighbors in the vicinity had been advised about the action.

Mr. Emeric Kalman, San Francisco resident, stated in the Living section of the Sunday San Francisco Chronicle, EBMUD had an announcement related to National Drinking Water Week, May 7-13. He stated they claimed EBMUD had the best drinking water in the world. He asked if San Francisco would be answering to the claim.

CONSENT CALENDAR

9. Moved by Vice President Brooks, seconded by Commissioner Brooks, to adopt the items (a-d) listed under the Consent Calendar; passed (5-0) unanimously.

a) Resolution No. 04-0071: Approve the rejection of all bids for Contract No. CW-376, As-needed Sewer Cleaning at Various Locations, approve the revised plans and specifications, and authorize the General Manager of Public Utilities to re-advertise the contract as Contract No. CW-376R, 17th Street, Treat Avenue and Harrison Street Sewer Cleaning; to receive, and evaluate bids. The engineer's estimate is $500,000.

b) Resolution No. 04-0072: Award Contract No. WD-2444, Broderick Street 8-Inch Ductile Iron Main Installation, in the amount of $933,007, to J. Flores Construction.

c) Resolution No. 04-0073: Award Contract No. WD-2447, Canada Road to Highway 92 Fence Replacement, in the amount of $127,400, to Central Fence.

d) Resolution No. 04-0074: Award EDAW & Turnstone Joint Venture (JV) a professional services agreement to provide specialized environmental analysis services under Agreement No. CS-732, Calaveras Dam Project – Environmental Analysis Services; and authorize the General Manager of Public Utilities to execute a professional services agreement with EDAW & Turnstone JV for an amount not to exceed $3,500,000, and with a duration of 1,460 calendar days.

REGULAR CALENDAR, cont.

President Normandy noted the agenda had been taken out of order and consulted with Ms. Martel on which items on the Regular Calendar needed to be heard and which could be postponed. Ms. Martel stated action needed to be taken on Items 11 and 12. Commissioner Brooks stated he had a question on Item 16 and requested that it be continued to the next scheduled meeting.

11. Discussion and possible action related to a Memorandum of Understanding for a lease at San Francisco International Airport.

Moved by Commissioner Caen, seconded by Vice President Costello, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 04-0075: Approve a Memorandum of Understanding dated April 30, 2004 and entered into with the San Francisco Airport Commission for the lease of a 2.03-acre parcel at San Francisco International Airport. This is the location where one of the four natural gas turbines of the San Francisco Combustion Turbine Project is proposed to be located subject to further City and State project approvals.

12. Discussion and possible action related to amending the Hetch Hetchy Water and Power Fiscal Year 2005 capital budget to increase the funding for Project CUH962, the San Francisco Electric Reliability Project.

Related to the finances, Ms. Labonte stated it was requested that the funds be appropriated, noting the funds would be reimbursed as deposits were made in an escrow account.

Commissioner Werbach asked how the funds would be reimbursed. Ms. Labonte stated there was $13 million available in redevelopment funds and it was her understanding that they were entitled to be reimbursed up to $13 million for redevelopment.

Commissioner Werbach stated he hoped that at the same time the combustion turbines were built there would be investment in the environmental side, such as clean energy and job growth investments. He stated he'd like to see an amendment on the item to come back before the Commission addressing this as he it thought it was critical that they "go hand in hand." He stated even though he was uncomfortable voting for one without the other, he was willing to do it this time, but was hopeful to see an appropriation at the next meeting.

Ms. Labonte stated she would look into it.

President Normandy stated it was fair direction, and that the Commission would vote on the item on proviso of Commissioner Werbach's request.

Moved by Commissioner Werbach, seconded by Commissioner Caen, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 04-0076: Amend the Hetch Hetchy Water and Power Fiscal Year 2005 capital budget by adding $6,000,000 to Project CUH962 - San Francisco Electric Reliability Project in the Hetch Hetchy Capital Program.

Project development costs will outpace the development Escrow payment deposit schedule as provided by the State of California to the City and County of San Francisco. The $6,000,000 will cover the development costs for the Project in Fiscal Year 2005. The development costs will be reimbursed from the Escrow Account established by the State, as deposits are available to draw upon.

CONSTRUCTION CONTRACTS

Award

13. Discussion and possible action related to Contract No. WD-2434.

Moved by Commissioner Werbach, seconded by Commissioner Brooks, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 04-0077: Award Contract No. WD-2434 48-Inch Lincoln Way Transmission Pipeline from Sunset Reservoir to 6th Avenue, in the amount of $8,644,069, to Mitchell Engineering.

14. Discussion and possible action related to Contract No. WD-2349R. (Continued from the meeting of April 27, 2004.)

Ms. Martel stated under Commission direction she conducted an investigation on the issues and allegations made by the protesting contractor regarding the process, the fairness of the process, and SFPUC's record in awarding MBE/WBE contracts. She stated she met with SFPUC staff and legal counsel to review the facts and made the determination that the award recommendation made by staff was the appropriate one. She stated the projects that Icenogle utilized for qualifications did not meet the criteria required for the award. She stated a revised report on the history of contracts awarded to MBEs/WBEs was provided and supported the fact the record was better than characterized.

President Normandy asked if the contractor protesting the award had an opportunity to meet with staff and get clarity on the issues. Mr. Leonard Swanson, Project Manager, stated there had been some discussions but no formal sit-down meeting. He stated that could be pursued if the Commission desired.

Public Comment:

Ms. Maria Icenogle, Icenogle Construction Management, Inc. and protesting contractor, stated when Icenogle bid the job the second time, they specifically asked before the bid, what the yardstick was in measuring the qualification. She stated the contract bid documents indicated three projects, similar in cost, within the last five years. She stated it was obvious what SFPUC's intent was when the second rejection letter was received, but that it was not clearly noted in the bid documents. She stated that was her issue and why she was coming forward. She stated the first rejection did not mention qualifications, just a technicality. She noted her small business was selective and only bid on projects for which they could do a good job. She stated she had spent a significant amount of money bidding on the Thomas Shaft job twice, for which she lost money and other opportunities.

President Normandy stated staff recommended to continue with the original proposal and asked if Ms. Icenogle felt that staff had been fair in their judgment. Ms. Icenogle stated she felt that the decision was not fair.

Ms. Martel stated when she met with staff to investigate the issue, they looked at opportunities for making the award to the apparent low bidder. She stated the facts did not qualify Icenogle for the award, noting that the projects the contractor provided in support of their qualifications did not meet the criteria based on: dollar amount, type of project, nature of work, or amount of work responsible for under contracts. She commented that additional discussions with the contractor might not yield any different decision, based on the facts.

Commissioner Costello commented the item had been continued from the last meeting for investigation and review and it did not go in favor of the protester. He stated the Commission was in the position of having to support staff findings.

Moved by Commissioner Werbach, seconded by Commissioner Brooks, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 04-0078: Award Contract No. WD-2349R, Thomas Shaft Water Supply Improvements, in the amount of $1,198,785, to Proven Management.

Amend

15. Discussion and possible action related to Contract No. HH-906.

Moved by Vice President Costello, seconded by Commissioner Brooks, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 04-0079: Approve Modification No. 2 to Contract No.

HH-906, increasing the duration by an additional 33 consecutive calendar days for a total contract duration of 289 consecutive calendar days. This proposed revision will increase the contract amount by $255,434 for a total amount of $891,014. The increased contract amount will pay for additional resurfacing of a connecting road and provide for some minor repairs of this connecting road. The additional chip seal work will be done at the same unit cost as bid in the original contract scope.

PROFESSIONAL SERVICE CONTRACTS

Award

16. Discussion and possible action related to CS-748A, CS-748B and CS-748C.

Moved by Commissioner Brooks, seconded by Vice President Costello, to continue Item 16 to the next regular Commission meeting scheduled on May 25, 2004; passed (5-0) unanimously.

Staff Recommendation: Award three professional services agreements to Brown and Caldwell/ Carollo Engineers/ Metcalf & Eddy Joint Venture (BCM Joint Venture) to provide planning and engineering assistance for Clean Water Master Plan Planning and Engineering Services: Nos. CS-748A, CS-748B and CS-748C; and authorize the General Manager of Public Utilities to execute three professional services agreements with BCM Joint Venture for an amount not to exceed $2,500,000, $1,750,000 and $1,750,000, respectively, for Agreements Nos. CS-748A, CS-748B and CS-748C, with a duration of 36 months from the date of the Notice to Proceed for each individual agreement.

CLOSED SESSION

17. Public comments on matters to be discussed in Closed Session.

There were none.

18. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

Moved by Vice President Costello, seconded by Commissioner Caen, to assert the attorney-client privilege; passed (5-0) unanimously.

The Public Utilities Commission met in Closed Session at 5:20 P.M. to discuss the following matters:

19. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8: (Milstein)

Present were President Normandy, Vice President Costello, Commissioner Caen, Commissioner Werbach, Commissioner Brooks, SFPUC General Manager Patricia E. Martel, SFPUC Legal Counsel Vicki Clayton, Commission Secretary Mary Y. Jung, and SFPUC Real Estate Services Manager Gary Dowd.

Moved by President Normandy, seconded by Vice President Costello, to continue Item 19 to the next regular Commission meeting scheduled on May 25, 2004; passed (5-0) unanimously.

Property: Alameda County Lands Parcel 65
Parties Negotiating: Pacific Sand and Gravel
SFPUC - Dowd/Milstein
Under Negotiation: Unsolicited Lease Proposal

No action was taken.

20. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8: (Sole/Sullivan)

Present were President Normandy, Vice President Costello, Commissioner Caen, Commissioner Werbach, Commissioner Brooks, SFPUC General Manager Patricia E. Martel, SFPUC Legal Counsel Vicki Clayton, Commission Secretary Mary Y. Jung, SFPUC Infrastructure Development Manager Julie Labonte, Mayor's Office of Economic Development Director Jesse Blout, and Deputy City Attorneys Charles Sullivan and Jeanne Sole.

Property: In San Francisco, approximately 4.5 acres of the Potrero Power Plant
Site, bounded by 23rd Street and the former streets known as
Louisiana, Humboldt, and Michigan Streets.
Parties Negotiating: Mirant Potrero LLC and the SFPUC
Under Negotiation: Terms and Conditions of Option Agreement

No action was taken.

21. Public Employee Appointment/Hiring – Pursuant to Government Code Section 54957 and San Francisco Administrative Code Section 67.10(b):

Present were President Normandy, Vice President Costello, Commissioner Caen, Commissioner Werbach, Commissioner Brooks, SFPUC Legal Counsel Vicki Clayton, and Commission Secretary Mary Y. Jung.

Position: General Manager, Public Utilities

No action was taken.

Following the Closed Session, the Commission reconvened in open session at 5:44 P.M.

22. Announcement following Closed Session.

President Normandy announced the actions taken during Closed Session.

23. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Vice President Costello, seconded by Commissioner Caen, not to disclose the discussions during Closed Session; passed (5-0) unanimously.

There being no further business to discuss, the meeting was adjourned at 5:45 P.M.

Mary Y. Jung
Secretary

| 42 of 208 |

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Commission

For Questions about this item, please contact us.

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PATRICIA E. MARTEL
GENERAL MANAGER

Agenda

NOTICE OF PUBLIC HEARING
TO CONSIDER REVISED
SCHEDULES OF SEWER SERVICE CHARGES
TO BE CHARGED BY THE
SAN FRANCISCO CLEAN WATER ENTERPRISE

04-26-04A10:15 RCVD

Notice is hereby given that the Public Utilities Commission of the City and County of San Francisco will conduct a public hearing on Tuesday, May 25, 2004 at 1:30 p.m. in City Hall, Room 400, 1 Dr. Carlton B. Goodlett Place, San Francisco, California to consider the adoption of a revised Schedule of Sewer Service Charges for the San Francisco Clean Water Enterprise; and to consider adoption of miscellaneous fees and charges for various services provided by the San Francisco Clean Water Enterprise.

Copies of the proposals will be available for review beginning May 17, 2004 at 1155 Market Street, 11th Floor, San Francisco, California.

All interested parties are invited to attend the public hearing and present their views.

Mary Y. Jung
Secretary

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CITY AND COUNTY OF SAN FRANCISCO

Gavin Newsom
MAYOR

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05-21-04P04:00 RCVD

AGENDA

REGULAR MEETING

May 25, 2004
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

5/04

COMMISSIONERS

The Honorable E. Dennis Normandy, President
The Honorable Robert J. Costello, Vice President
The Honorable Ann Moller Caen
The Honorable Adam Werbach
The Honorable Ryan L. Brooks

DEPARTMENTS
Water Department
- City Distribution Division
- Water Supply & Treatment

Hetch Hetchy Water & Power
Clean Water Program
- Water Pollution Control

BUREAUS
Customer Services
Environmental Regulation & Management
Financial Services
Human Resource Services
Information Technology Services
Infrastructure Division
Real Estate Services
Strategic & Systems Planning
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY

Disability Access

The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #42 Downtown Loop, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Mary Y. Jung at (415) 554-3165 or our TYY at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

Know your rights under the Sunshine Ordinance
(Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Donna Hall, Clerk, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: Donna.Hall@sfgov.org. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code §2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300; fax (415) 581-2317; web site at www.sfgov.org/ethics.

ORDER OF BUSINESS

1. Call to Order

2. Roll Call

3. Public Comments

   Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the Office of the Commission Secretary, 1155 Market Street, 11th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-3424.

PUBLIC HEARING

4. Public Hearing – To consider revised Schedule of Rates to be charged for Sewer Service Charges by the San Francisco Clean Water Enterprise. (Persons who are unable to attend the public hearing may submit to the City, by the time the proceedings begin, written comments regarding the subjects of the hearings. These comments will be brought to the attention of the Commission and will become part of the official public record. Written comments can be sent to Mary Jung, Commission Secretary, San Francisco Public Utilities Commission, 1155 Market Street, 11th Floor, San Francisco, CA 94103.) (Martel)

   Staff Recommendation: Adopt schedules of rates to be charged by the San Francisco Clean Water Enterprise for sewer service in San Francisco to be effective with meter readings beginning July 1, 2004.

   http://sfwater.org/detail.cfm/MC_ID/5/MSC_ID/89/MTO_ID/NULL/C_ID/1857

ORDER OF BUSINESS, CONT.

5. Approval of Minutes

6. Communications

7. Old/Ongoing Business by Commissioners

8. Introduction of New Business by Commissioners

9. Report of the General Manager

   a) Lake Merced Update (Carlin)

   b) Clean Water Master Plan and Recycled Water Report (Carlin)
   (Continued from the meeting of May 11, 2004.)

10. Bay Area Water Supply & Conservation Agency (BAWSCA) General Manager's Report

   a) Bay Area Water Supply & Conservation Agency Update (Jensen)

CONSENT CALENDAR

11. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

   a) Staff Recommendation: Award Contract No. CW-314R, Outfall Repair at Various Locations, in the amount of $433,950, to D'Arcy & Harty Construction.

   b) Staff Recommendation: Accept work performed for Contract No. CW-330, Clean, De-root, Inspect, and Seal Easement Sewers Phase II for a total contract amount of $247,047; approve Modification No. 1 (Final) for a time extension of 35 consecutive calendar days for a total contract duration of 120 consecutive calendar days; and authorize final payment in the amount of $23,850, to JF Pacific Liner.

c) Staff Recommendation: Award Professional Services Agreement No. CS-672L, Environmental Documentation Pool (Commission Resolution 01-1250), to EDAW-Talaveras & Richardson Joint Venture, to provide spring field surveys and a field conditions report, and authorize the General Manager of Public Utilities to execute a professional services agreement for an amount not to exceed $81,000, and with a duration of 18 months.

REGULAR BUSINESS

12. Discussion and possible action related to Ms. Patricia E. Martel. (Normandy)

Staff Recommendation: Approve resolution to express appreciation and gratitude to Ms. Patricia E. Martel, General Manager of Public Utilities, for her guidance and stewardship of the San Francisco Public Utilities Commission.

PROFESSIONAL SERVICE CONTRACTS

Award

13. Discussion and possible action related to professional service agreements Nos. CS-748A, CS-748B and CS-748C, Clean Water Master Plan Planning and Engineering Services. (Continued from the meeting of May 11, 2004.) (Chiu)

Staff Recommendation: Award three professional services agreements to provide planning and engineering assistance for Clean Water Master Plan Planning and Engineering Services: Nos. CS-748A, CS-748B and CS-748C; to Brown and Caldwell/ Carollo Engineers/ Metcalf & Eddy Joint Venture (BCM Joint Venture); and authorize the General Manager of Public Utilities to execute the agreements for amounts not to exceed $2,500,000, $1,750,000 and $1,750,000, respectively, with a duration of 36 months from the date of the Notice to Proceed for each individual agreement.

CLOSED SESSION

14. Public comments on matters to be discussed in Closed Session.

15. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

16. Public Employee Appointment pursuant to Admin. Code section 67.10 (b) and Government Code Section 54957.

    Nominate candidate(s) for the position of General Manager of the San Francisco Public Utilities Commission pursuant to Charter Section 4.102 (5) and/or for an Acting General Manager of the Public Utilities Commission for the interim period between May 29, 2004 and final appointment.

17. Conference with Legal Counsel – Anticipated Litigation Pursuant to Government Code Section 54956.9 and San Francisco Administrative Code Section 67.8(a)(3): (Clayton, Roddy)

As Defendant:	In excess of 80 potential claims related to Storm and Flooding, February 2004.

18. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8: (Milstein)

Property:	Alameda County Lands Parcel 65
Parties Negotiating:	Pacific Sand and Gravel SFPUC - Dowd/Milstein
Under Negotiation:	Unsolicited Lease Proposal

19. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8: (Milstein)

Property:	City of South San Francisco, at the corner of El Camino Real and Chestnut Ave., approximately 8+ acres.
Parties Negotiating:	Dowd/Lymburn City of South San Francisco
Under Negotiation:	Terms and conditions

20. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8: (Milstein)

Property:	City of Fremont, between Canyon Heights Rd. and Deer Rd. near Niles Canyon, approximately 7.5 acres.
Parties Negotiating:	Dowd/Lymburn
Under Negotiation:	Terms and conditions

21. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8: (Milstein)

Property:	Balboa Reservoir property and Ocean and Phelan MOU between SFPUC and San Francisco City College
Parties Negotiating:	Dowd San Francisco City College
Under Negotiation:	Terms and Conditions

22. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Greenman)

Existing Litigation:	Pacific Gas & Electric Co. v. City and County of San Francisco; San Joaquin County Superior Court No. 017854.

23. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman, Lee)

Existing Litigation:	City and County of San Francisco v. Turlock Irrigation District; San Francisco Superior Court No. 323717.

24. Conference with Labor Negotiator – Pursuant to Government Code Section 54957.6. (Clayton)

Name and title of City's negotiator: Vicki Clayton, City Attorney
Individual contract with the General Manager, Public Utilities Commission
Pursuant to Charter section 8B.126
All terms and conditions

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN PUBLIC SESSION.

25. Announcement following Closed Session.

26. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT

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Public Utilities Commission
1155 Market Street, 11th Floor
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VICE PRESIDENT

ANN MOLLER CAEN
ADAM WERBACH
RYAN L. BROOKS

PATRICIA E. MARTEL
GENERAL MANAGER

Agenda

NOTICE OF PUBLIC HEARING
TO CONSIDER REVISED
SCHEDULES OF RATES AND CHARGES
TO BE CHARGED BY THE
SAN FRANCISCO WATER ENTERPRISE

Notice is hereby given that the Public Utilities Commission of the City and County of San Francisco will conduct a public hearing on Tuesday, June 8, 2004 at 1:30 p.m. in City Hall, Room 400, 1 Dr. Carlton B. Goodlett Place, San Francisco, California to consider the adoption of revised Schedules of Rates and Charges for the San Francisco Water Enterprise to its retail and wholesale customers including municipal accounts; and to consider adoption of miscellaneous fees and charges for various permits and services provided by the San Francisco Water Enterprise.

Copies of the proposals will be available for review beginning May 26, 2004 at 1155 Market Street, 11th Floor, San Francisco, California.

All interested parties are invited to attend the public hearing and present their views.

Mary Y. Jung
Secretary

SFPUC

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CITY AND COUNTY OF SAN FRANCISCO

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AGENDA

REGULAR MEETING

June 8, 2004
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable E. Dennis Normandy, President
The Honorable Robert J. Costello, Vice President
The Honorable Ann Moller Caen
The Honorable Adam Werbach
The Honorable Ryan L. Brooks

DEPARTMENTS
Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

BUREAUS
Customer Services
Environmental Regulation & Management
Financial Services
Human Resource Services
Information Technology Services
Infrastructure Division
Real Estate Services
Strategic & Systems Planning
Water Quality

Cheryl K. Davis
ACTING GENERAL MANAGER

Mary Y. Jung
SECRETARY

For information, contact the Commission Secretary at 554-3165.
Agenda and other information are available on the SFPUC web site: www.sfwater.org.

Disability Access

The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #42 Downtown Loop, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Mary Y. Jung at (415) 554-3165 or our TDD at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

Know your rights under the Sunshine Ordinance
(Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Donna Hall, Clerk, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: Donna.Hall@sfgov.org. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code §2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300; fax (415) 581-2317; web site at www.sfgov.org/ethics.

ORDER OF BUSINESS:

1. Call to Order

2. Roll Call

3. Public Comments

   Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 11th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-3424.

PUBLIC HEARING

4. Public Hearing – To consider revised Schedule of Rates to be charged for Sewer Service Charges by the San Francisco Clean Water Enterprise. (Persons who are unable to attend the public hearing may submit to the City, by the time the proceedings begin, written comments regarding the subjects of the hearings. These comments will be brought to the attention of the Commission and will become part of the official public record. Written comments can be sent to Mary Jung, Commission Secretary, San Francisco Public Utilities Commission, 1155 Market Street, 11th Floor, San Francisco, CA 94103.) (Continued from the meeting of May 25, 2004.) (Mariani)

   Staff Recommendation: Adopt schedules of rates to be charged by the San Francisco Clean Water Enterprise for sewer service in San Francisco to be effective with meter readings beginning July 1, 2004, or thereafter.

   For more information, click onto the link below:

   http://sfwater.org/detail.cfm/MC_ID/5/MSC_ID/89/MTO_ID/NULL/C_ID/1857

5. Approval of Minutes

   a) Minutes of the February 3, 2004 Special Meeting

   b) Minutes of the February 5, 2004 Special Meeting

6. Communications

7. Old/Ongoing Business by Commissioners

   a) Update Chart

8. Introduction of New Business by Commissioners

9. Report of the General Manager

   a) Fiscal Year 2004-2005 Budget Update (Mariani)

   b) California Water Environment Association Statewide Awards for Treatment Plant of the Year and Public Education (Keaney)

CONSENT CALENDAR

10. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

    a) Staff Recommendation: Award Contract No. CW-354, North Point Sludge Force Main Cleaning, Video, and Testing, in the amount of $365,000, to D'arcy and Harty Construction, Inc.

    b) Staff Recommendation: Award Contract No. WD-2390R, Ingoing Road Repair Near Five-Points, in the amount of $334,031, to Siteworks Construction.

c) Staff Recommendation: Accept work performed under Contract No. CW-264, Pine Street Sewer Rehabilitation, approve Modification No. 1 decreasing the contract by $5,118.37, for a total contract amount of $316,425.63, (and extending the contract duration by 18 consecutive calendar days for a total of 120 consecutive calendar days); and authorize final payment of $42,443.63, to Pacific Liners.

d) Staff Recommendation: Accept work performed under Contract No. CW-277, Chestnut/Octavia/Broadway Streets Sewer Replacement, approve Modification No. 1 decreasing the contract by $44,834, for a total contract amount of $288,801.00, (and extending the contract duration by 7 consecutive calendar days for a total of 79 consecutive calendar days); and authorize final payment of $47,699.10, to JMB Construction, Inc.

e) Staff Recommendation: Award professional services Agreement No. CS-751, Specialized Engineering Services for the Advanced Disinfection Workplan, to MWH/LEE, JV, to provide professional engineering services in the field of water treatment, water utility operations, and advanced disinfection technologies for the Harry Tracy Water Treatment Plant (HTWTP), Sunol Valley Water Treatment Plant (SVWTP), and the Hetch Hetchy Aqueduct System (HH) ; and authorize the Acting General Manager of Public Utilities to execute a professional services agreement for an amount not to exceed $775,000, and with a duration of three years.

REGULAR BUSINESS

11. Discussion and possible action related to renaming the North Shore Pump Station to the Alan O. Friedland North Shore Pump Station. (Arena)

Staff Recommendation: Rename the North Shore Pump Station to the Alan O. Friedland North Shore Pump Station to honor the memory of Mr. Friedland for his outstanding work on behalf of the City and County of San Francisco.

12. Discussion and possible action related to initiating a five-year energy efficiency plan with various City departments. (Smeloff)

Staff Recommendation: Authorize the SFPUC to initiate five-year energy efficiency plans and department-wide energy programs with several large City departments. The SFPUC will create a partnership with each department to establish aggressive energy efficiency goals, to develop a plan for achieving those goals, and to assemble the resources to implement that plan. The purpose of the plan is to act on both Mayor Newsom's "Clean Energy Clean Air" commitment, and on the Electricity Resource Plan's policy to reduce local air pollution and greenhouse gas emissions while improving electricity reliability.

13. Discussion and possible action related to a Design-Build Agreement for ten solar electric systems. (Smeloff)

Staff Recommendation: Authorize the Acting General Manager of Public Utilities to issue a request for proposals for a Design-Build Agreement for the turnkey design and construction of ten 2.5 kilowatt solar electric systems on up to ten public buildings, such as schools, libraries and medical clinics and notify the Board of Supervisors. This is the third installation in the City's Municipal Solar Energy Program. Funds for this $250,000 installation project are budgeted under the Mayor's Energy Conservation Account.

14. Discussion and possible action related to an Option Agreement for the Purchase of Real Property with Mirant Potrero, LLC. (Labonte)

Staff Recommendation: Approve an Option Agreement for the Purchase of Real Property with Mirant Potrero, LLC, for an exclusive and non-revocable option and right to purchase real property consisting of approximately 4.5 acres of land, located in the City and County of San Francisco, and commonly known as Station A at the Potrero Power Plant. This is the location where three of the four combustion turbines that comprise the San Francisco Electric Reliability Project are proposed to be located subject to further City and State project approvals.

15. Discussion and possible action related to transferring funds from Project No. CUW368 – Bay Division Hydraulic Capacity Upgrade, to Project No. CUW359 – Irvington Tunnel/Alameda Siphon. (J. Wong)

Staff Recommendation: Approve the transfer of funds, in the amount of $130,000, from Project No. CUW368 to Project No. CUW359.

LEASES AND PERMITS

16. Discussion and possible action related to a Revocable Permit for a public pedestrian/bicycle trail in the City of Sunnyvale. (Dowd)

Staff Recommendation: Authorize the Acting General Manager of Public Utilities to execute a Revocable Permit with the City of Sunnyvale for a portion of Public Utilities Commission pipeline right of way property to construct a bridge and ramp structure as part of a public pedestrian/bicycle trail in the City of Sunnyvale.

PROFESSIONAL SERVICE CONTRACTS

Amend

17. Discussion and possible action related to Agreement No. CS-699 – As-Needed Operational Support Services. (Medbery)

Staff Recommendation: Approve Amendment No. 1 to Agreement No. CS-699 with Camp, Dresser McKee, Inc., Montgomery Watson Harza, Weiss Associates, Olivia Chen Consultants, URS Corporation, Kennedy/Jenks Consultants, Raines, Melton and Carella, Inc., Tetra Tech and Malcolm Pirnie; and authorize the Acting General Manager of Public Utilities to execute this amendment, increasing the total authorized spending authority for Agreements Nos. CS-699A, B, C, D, E, F, G, H and I, from $4,000,000 to $6,000,000.

CLOSED SESSION

18. Public comments on matters to be discussed in Closed Session.

19. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

20. Threat to Public Services or Facilities (Government Code Section 54957): (Clayton)

Consultation with:	Sheriff Hennessey concerning security of SFPUC Water and Power Systems.

21. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8: (Continued from the meeting of May 25, 2004.) (Milstein)

Property:	City of South San Francisco, at the corner of El Camino Real and Chestnut Ave., approximately 8+ acres.
Parties Negotiating:	Dowd/Lymburn City of South San Francisco
Under Negotiation:	Terms and conditions

22. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8: (Continued from the meeting of May 25, 2004.) (Milstein)

Property:	City of Fremont, between Canyon Heights Rd. and Deer Rd. near Niles Canyon, approximately 7.5 acres.
Parties Negotiating:	Dowd/Lymburn
Under Negotiation:	Terms and conditions

23. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8: (Continued from the meeting of May 25, 2004.) (Milstein)

Property:	Balboa Reservoir property and Ocean and Phelan MOU between SFPUC and San Francisco City College
Parties Negotiating:	Dowd San Francisco City College
Under Negotiation:	Terms and Conditions

24. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8: (Milstein)

Property:	City of Mt. View, running between Whisman Rd., approximately 7 acres adjacent to pipeline r/w.
Parties Negotiating:	Dowd/Lymburn
Under Negotiation:	Terms and conditions

25. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Continued from the meeting of May 25, 2004.) (Greenman)

Existing Litigation:	Pacific Gas & Electric Co. v. City and County of San Francisco; San Joaquin County Superior Court No. 017854.

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN PUBLIC SESSION.

26. Announcement following Closed Session.

27. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT

City and County of San Francisco
Public Utilities Commission
1155 Market Street, 11th Floor
San Francisco, CA 94103

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MINUTES

June 8, 2004
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable E. Dennis Normandy, President
The Honorable Robert J. Costello, Vice President
The Honorable Ann Moller Caen
The Honorable Adam Werbach
The Honorable Ryan L. Brooks

DEPARTMENTS	BUREAUS
Water Department	Customer Service
City Distribution Division	Environmental Regulation & Managemer
Water Supply & Treatment	
Hetch Hetchy Water & Power	Financial Services
Clean Water Program	Human Resource Services
Water Pollution Control	Information Technology Services
	Infrastructure Division
	Real Estate Services
	Strategic & Systems Planning
	Water Quality

Cheryl K. Davis
ACTING GENERAL MANAGER

Mary Y. Jung
SECRETARY

ORDER OF BUSINESS:

1. Call to Order: 1:41 P.M.

2. Roll Call: Present – President E. Dennis Normandy, Vice President Robert J. Costello, Commissioner Adam Werbach, Commissioner Ryan L

Brooks

Excused - Commissioner Ann Moller Caen

President Normandy asked for a moment of silence in honor of former President Ronald Reagan.

3. Public Comments on matters not on today's agenda.

Mr. Roland Sheppard, San Francisco resident, addressed racism at the Southeast plant and stated he wrote to the SFPUC and no response was received. President Normandy replied the Commission is limited to matters of policy and deferred to Ms. Cheryl Davis, Acting General Manager of Public Utilities, for a response. Ms. Davis stated the SFPUC takes the issue of racism in the workplace seriously and has conducted thorough investigations into the noose incidents, but cannot discuss specific personnel matters at Commission meetings.

Ms. Anita Labossiere, SFPUC employee, identified herself as the employee Mr. Sheppard was referring to and stated racist managers were still working at the SFPUC. Ms. Davis stated she would continue to work with staff and inform the Commissioners of any findings and results.

President Normandy reminded the Commission that Commissioner Brooks was the point person on matters concerning people of color and local businesses and asked him to work with Ms. Davis on the issue to prevent its recurrence. Commissioner Brooks agreed to follow up and give a report at the next Commission meeting.

Mr. Steve Zeltzer, Coalition for Justice & Human Rights, stated another SFPUC employee was terrorized with a hanging noose and received a financial settlement. He stated racism is unacceptable and was costing people their lives and the taxpayer's money.

Mr. Francisco Da Costa, Environmental Justice Advocates, stated the Southeast sector receives 80% of the City's sewage and promises made years ago to the African American community to balance the problem through training opportunities were never met.

Mr. Charlie Walker, San Francisco resident, stated the odor problems started 25 years ago. He reminded the Commission that former Mayor Dianne Feinstein made promises to the community and built the Southeast College as part of the mitigation package, but other mandates were never followed through.

Mr. Hank Ryan, Small Business Association, spoke to the Commission regarding a restaurant tool called the "pre-rinse spray nozzle" that all restaurants use. He stated there is a California Public

Utilities Commission-sponsored program that provides low-flow pre-rinse nozzles for dishwashers and San Francisco has not yet taken advantage of the program. He requested the City participate in the program.

Mr. David Pilpel, San Francisco resident, asked the Commission to assign a staff person to oversee to the Clean Water Master Plan as soon as possible.

Ms. Espanola Jackson, San Francisco resident, also addressed the issue of racism in the Southeast. Ms. Jackson asked that better communication occur with the Planning Department and the Redevelopment Agency, noting that a lot of building is occurring without any thought to where the sewage would be treated. She also stated employees were afraid to speak out about problems at the SFPUC because they are afraid of being fired.

President Normandy asked Vice President Costello to work with Commissioner Brooks on the Southeast issues. *President Normandy requested Ms. Davis include a report on the issues raised by the African American community, particularly at the Southeast plant, on every General Manager's report until further notice.* He also pointed out the Commissioners are legally prevented from being involved in personnel issues.

Mr. Kevin Williams, a former Senior Contract Officer for the City, stated he took down the hangman's noose at San Francisco International Airport and employees were fired for complaining about it. He asked the Commissioners to not be the "gatekeepers of plantation politics" and not allow legal advice from the City Attorney to prevent the Commissioners from acting on the problem.

Ms. Marie Harrison, San Francisco resident, stated the Commissioners were as powerful as they want to be and asked them to correct the problems at the Southeast plant and be part of the solution to stop racism in San Francisco. President Normandy responded the Commission does not condone racism and that guidance from the City Attorney was a protective device for the Commissioners tasked with investigating general personnel-related policies and issues. He stated it was unprecedented that the Commission had asked for a report on the problems in the Southeast sector as a regular report of the General Manager.

President Normandy took the agenda out of order and called Item 11 before Item 4.

REGULAR BUSINESS

11. Discussion and possible action related to renaming the North Shore Pump Station to the Alan O. Friedland North Shore Pump

Station.

Resolution No. 04-0085: Rename the North Shore Pump Station to the Alan O. Friedland North Shore Pump Station to honor the memory of Mr. Friedland for his outstanding work on behalf of the City and County of San Francisco.

Moved by President Normandy, seconded by Commissioner Brooks, to adopt the following resolution; passed (4-0) unanimously.

PUBLIC HEARING

4. Public Hearing – To consider revised Schedule of Rates to be charged for Sewer Service Charges by the San Francisco Clean Water Enterprise. (Continued from the meeting of May 25, 2004.)

Staff Recommendation: Adopt schedules of rates to be charged by the San Francisco Clean Water Enterprise for sewer service in San Francisco to be effective with meter readings beginning July 1, 2004, or thereafter.

Ms. Jean Mariani, Acting Assistant General Manager of Business Services, reported the Rate Fairness Board (RFB) met on Friday, June 4, 2004, and approved the recommendation for a 15% low-income discount in addition to the continuance of the lifeline rate. Ms. Mariani noted that had the RFB decided to eliminate the lifeline rate, it would have required an additional noticing period and public hearing because it would have been an increase in the rates that were proposed. She also noted that it would have resulted in a doubling of rates for some customers.

Mr. Matt Adams, Chair of the RFB, reported on the items assigned to the RFB by the Commission at the previous meeting. With respect to the RFB providing budget overview, Mr. Adams stated the RFB found this to be a redundant effort given that there were also two audits of the SFPUC currently taking place, including one by the State.

With respect to the proposed low-income discount, Mr. Adams noted that setting it at 15 % would result in keeping those that qualified in a cost neutral position. Mr. Adams agreed the lifeline rate needed to be reviewed.

President Normandy thanked the RFB for their work and asked for public comment.

Public Comment:

Ms. Ernestine Weiss, San Francisco resident, opposed the proposed rate increase because she felt the pass-throughs would "inflict grievous damage to seniors and the disadvantaged." Commissioner

Werbach asked the City Attorney how the pass-throughs interacted with rent control. Ms. Vicki Clayton, Deputy City Attorney, responded this question should be brought to the Rent Control Board since the SFPUC does not have jurisdiction over pass-throughs. Commissioner Werbach asked for clarification from the Rent Board and the City Attorney's Office.

Mr. Bill Quan, San Francisco resident and property owner, referred to a letter he wrote to the Commission and stated he thought the numbers used for the Sewer Rate Study were wrong, and therefore, produced an incorrect rate. He also stated he thought the rate increase was unfair to landlords.

Mr. Ed Jew, President of Sewer Water Efficiency and Affordability Plan, asked the Commission to delay voting on the proposed rate increase because of the negative effect it would have on seniors, low-income and working class families. Commissioner Werbach stated he shared Mr. Jew's concerns and asked for a response. Ms. Mariani stated there was a recommendation to implement a low-income discount, which would come in the form of a 15% subtraction from a sewer bill. She stated the lifeline rate would still be in place as a conservation rate for the first three units of sewage.

Commissioner Werbach asked about the impact on tenants in multi-unit buildings and pass-throughs. Ms. Mariani replied the RFB and staff would come back with a more thorough response once the problem had been studied, but the pass-through in itself would not be enough to trigger an increase to the tenants. Ms. Clayton confirmed this information.

Mr. Jimmy Kwok, San Francisco resident, opposed the proposed rate increase.

Ms. Eva Skoufis, laundromat owner, stated many small businesses were closing and the ones that were left had to make up for it with higher bills. She opposed the rate increase.

Commissioner Werbach acknowledged Ms. Skoufis attended the last Commission meeting and that he subsequently used her laundromat. *He asked if the City had a program to encourage use of lower water consumption washing machines as a means of saving money, and asked for a progress report within the next year to include this as part of a capital program.*

Mr. Michael Blaufuss, San Francisco resident and bar owner, opposed the sewer rate increase.

Mr. Alex Lantsberg, Co-chair of the Alliance for Clean Water, supported the proposed rate increase to address some of the issues

related to flooding. He suggested that individual meters seemed to be the solution to the problem for multi-unit buildings.

Mr. David Pilpel, San Francisco resident, supported the proposed rate increase.

Ms. Joan Girardot, Coalition for San Francisco Neighborhoods, asked the staff to go back ten years to study where the sewer money had gone because sewer rates include funding for repair and replacement. She stated she felt the increase was not needed at this time and raised questions regarding the Clean Water bond indenture. .

Mr. Emeric Kalman, San Francisco resident, opposed the proposed rate increase and asked for a delay until further studies were done on SFPUC management and finances.

President Normandy asked Mr. Jew to return to the podium to allow the Commissioners to ask additional questions. Mr. Jew requested an additional 90-day waiting period for SFPUC staff to fully address the issues that had been raised. Commissioner Werbach asked Ms. Mariani about the effect this would have on the Clean Water Enterprise (CWE). Ms. Mariani stated the CWE would lose $3.8 million and the revenue increase from rates would go from 11% to 15%.

Responding to Commissioner Werbach's request for clarification regarding the lifeline rate and the low-income discount, Ms. Mariani stated that customers who qualified as low-income would have their bills discounted by 15%. With respect to customers that live in multi-family buildings, Ms. Mariani described Portland's program of submetering. She noted that this was not a short-term solution and that it would have costs associated with it. She stated that staff was studying the issue and would return to the RFB at a later date to report their findings.

With respect to Commissioner Werbach's question regarding the scope of the audits being undertaken, Ms. Mariani stated the audit done by the State Department of Finance examined maintenance practices and was in draft form. She noted the work being done by Red Oak Consulting was a performance assessment that would make recommendations on how the SFPUC could save money and work more efficiently. In addition, she stated the SFPUC's budget had allocated $500,000 to the Budget Analyst's Office and over $500,000 to the City Auditor's Office to look at aspects of the CWE's operations that would lend themselves to additional cost containment activities.

Commissioner Werbach asked Mr. Adams his opinion regarding delaying the rate increase. Mr. Adams replied the rate increase

should be implemented without delay as the RFB strongly believed the CWE needed the revenue. In addition, he stated that since the proposal before the Commission now included a low-income discount, the costs of a delay would adversely impact those citizens who the RFB and Commission were trying to hold harmless.

President Normandy stated his concerns regarding moving forward given the current lifeline and low-income formula and thus a vote at this meeting would be premature. Ms. Mariani apologized for not providing an amendment to the Commission sooner, but noted the only amendment was to permit the SFPUC to implement the low-income discount. She also pointed out that without the Commission's vote, staff would need to decertify $14 million from the FY 04-05 budget at the Board of Supervisors. President Normandy questioned if there was a mechanism to get the funds back in at a later time. Ms. Mariani confirmed there was.

Commissioner Brooks stated the Commission should vote on this matter at this meeting as a delay could adversely impact those who have a low income, such as seniors.

Commissioner Werbach agreed that rates needed to be raised. Commissioner Costello stated he agreed with President Normandy and the need for additional time of 30 days for more input.

Commissioner Werbach asked for additions to the resolution. After the second paragraph, Commissioner Werbach asked to insert: "No further rate increases would be undertaken until an equitable lifeline structure is created and implemented. And whereas no further rate increases would be undertaken until the Controller's report on cost effectiveness of the sewer system is undertaken and completed."

President Normandy asked if Commissioner Werbach wanted to move the item and he confirmed he did. Commissioner Brooks provided a second to the motion. The motion failed with President Normandy and Commissioner Costello voting nay and Commissioners Werbach and Brooks voting aye.

President Normandy asked to continue this item until the first Commission meeting in July and directed staff to address the cost effectiveness of the CWE, the issue of lifeline and the financial ramifications to the CWE and to ratepayers because of further delay. In addition, he asked for staff to meet with those who were against the rate increase.

Commissioner Werbach asked the President to provide more specific direction to staff and to discuss what cuts would need to be made if the SFPUC had to cut $14 million out of its budget. Ms. Mariani provided the broad guidelines of what would normally happen. She stated that capital and equipment would be cut and positions would

be frozen. She stated there would also be delays or cuts to professional services contracts and to take the operation of the CWE down to sludge hauling and basic operations. She went on to describe that after the money comes out of the SFPUC's budget before August, it would be a 6-week process assuming the rates were in place to retrieve the funds. She stated that for every week the rate increase was delayed, there would be a $300,000 reduction to the CWE.

President Normandy asked to schedule a special meeting for the following week. Commissioner Brooks noted that he would be away. President Normandy called Mr. Jew to the podium and asked that he work with staff intensively over the next two weeks to come to an agreement.

Mr. Adams was asked if a large hotel such as the one he manages could conduct an audit in two weeks with satisfactory results. Mr. Adams responded in the negative and further elaborated that while the RFB had been meeting since February, they did not analyze the operating budget in depth. However, Mr. Adams stated his opinion that there were very few City organizations that could have exhibited the level of budget control that the CWE did during the past seven years of a rate freeze. Furthermore, Mr. Adams elaborated the original analysis called for a rate increase of 33%, but the RFB declined that increase because they wanted to have as much information as possible but still provide some relief. He also stated that during their process, they did not hear specific objections to the rate increase from any of the signatories to the petition circulated by Mr. Jew. In regard to delaying for an additional 30 days, Mr. Adams stated the work that Mr. Jew and the Commission were expecting would remain incomplete.

Commissioner Werbach asked Mr. Adams if two weeks would be enough time to come to a new understanding. Mr. Adams replied negatively, especially with respect to lifeline rates.

Commissioner Werbach asked if Mr. Adams was clear on the directions given by the Commission and how long it would take for the RFB to do this work. Mr. Adams recounted that the Commission's instructions were to implement a lifeline structure that was fair and equitable, to look at conservation, to address flooding, to examine the budget and to ensure that any efficiencies and benchmarks from the audits be implemented. Mr. Adams asked that the Commission support the RFB with outside expertise and staff to ensure that they could accomplish these tasks. Lastly, he reminded the Commission that in FY 2007, a debt service balloon payment would be due and would have to be dealt with.

Commissioner Werbach asked how much time Mr. Adams thought the RFB would need in order to accomplish its work. Mr. Adams

replied six months. Commissioner Werbach asked if they would be at the same place in two weeks. Mr. Adams stated that they would only be able to provide broad information and it would not be effective and that he would not do it if it were his business.

President Normandy stated he met with Mr. Adams and Mr. Bill Lee of the RFB and a plan was mapped out to work with the issues raised by Mr. Jew. Ms. Davis suggested the Commission hold a special meeting the following week. President Normandy asked the Commission Secretary to poll the members. The results showed that a meeting could be held on Tuesday, June 15, 2004.

ORDER OF BUSINESS:, CONT.

5. Approval of Minutes

Moved by Vice President Costello, seconded by Commissioner Brooks, to adopt the Minutes of the February 3, 2004 Special Meeting and the February 5, 2004 Special Meeting; passed (4-0) unanimously.

6. Communications

No action was taken.

7. Old/Ongoing Business by Commissioners

a) Update Chart

Item 7 was continued to the next regular Commission meeting scheduled on June 22, 2004.

8. Introduction of New Business by Commissioners

Commissioner Werbach requested that there be a review of laundromat improvements. He also mentioned that the sewer bill could be used as a tool more effectively to help the general public understand rates and how they work. He also called for the Controller to audit the sewer system first.

Commissioner Brooks requested for an extensive review of conservation solutions tailored with best practices being used nationally.

9. Report of the General Manager

Items 9(a) and 9(b) were continued to the next regular Commission meeting scheduled on June 22, 2004.

a) Fiscal Year 2004-2005 Budget Update

b) California Water Environment Association Statewide Awards for Treatment Plant of the
Year and Public Education

CONSENT CALENDAR

10. Moved by Commissioner Brooks, seconded by Vice President Costello, to adopt the items (a-e) listed under the Consent Calendar; passed (4-0) unanimously.

a) Resolution No. 04-0086: Award Contract No. CW-354, North Point Sludge Force Main Cleaning, Video, and Testing, in the amount of $365,000, to D'arcy and Harty Construction, Inc.

b) Resolution No. 04-0087: Award Contract No. WD-2390R, Ingoing Road Repair Near Five-Points, in the amount of $334,031, to Siteworks Construction.

c) Resolution No. 04-0088: Accept work performed under Contract No. CW-264, Pine Street Sewer Rehabilitation, approve Modification No. 1 decreasing the contract by $5,118.37, for a total contract amount of $316,425.63, (and extending the contract duration by 18 consecutive calendar days for a total of 120 consecutive calendar days); and authorize final payment of $42,443.63, to Pacific Liners.

d) Resolution No. 04-0089: Accept work performed under Contract No. CW-277, Chestnut/Octavia/Broadway Streets Sewer Replacement, approve Modification No. 1 decreasing the contract by $44,834, for a total contract amount of $288,801.00, (and extending the contract duration by 7 consecutive calendar days for a total of 79 consecutive calendar days); and authorize final payment of $47,699.10, to JMB Construction, Inc.

e) Resolution No. 04-0090: Award professional services Agreement No. CS-751, Specialized Engineering Services for the Advanced Disinfection Workplan, to MWH/LEE, JV, to provide professional engineering services in the field of water treatment, water utility operations, and advanced disinfection technologies for the Harry Tracy Water Treatment Plant (HTWTP), Sunol Valley Water Treatment Plant (SVWTP), and the Hetch Hetchy Aqueduct System (HH) ; and authorize the Acting General Manager of Public Utilities to execute a professional services agreement for an amount not to exceed $775,000, and with a duration of three years.

REGULAR BUSINESS, CONT.

12. Discussion and possible action related to initiating a five-year energy efficiency plan with various City departments.

Moved by Commissioner Brooks, seconded by Commissioner Werbach, to continue Item 12 to the next regular Commission meeting scheduled on June 22, 2004; passed (4-0) unanimously.

Staff Recommendation: Authorize the SFPUC to initiate five-year energy efficiency plans and department-wide energy programs with several large City departments. The SFPUC will create a partnership with each department to establish aggressive energy efficiency goals, to develop a plan for achieving those goals, and to assemble the resources to implement that plan. The purpose of the plan is to act on both Mayor Newsom's "Clean Energy Clean Air" commitment, and on the Electricity Resource Plan's policy to reduce local air pollution and greenhouse gas emissions while improving electricity reliability.

13. Discussion and possible action related to a Design-Build Agreement for ten solar electric systems.

Moved by Commissioner Brooks, seconded by Commissioner Werbach, to continue Item 12 to the next regular Commission meeting scheduled on June 22, 2004; passed (4-0) unanimously.

Staff Recommendation: Authorize the Acting General Manager of Public Utilities to issue a request for proposals for a Design-Build Agreement for the turnkey design and construction of ten 2.5-kilowatt solar electric systems on up to ten public buildings, such as schools, libraries and medical clinics and notify the Board of Supervisors. This is the third installation in the City's Municipal Solar Energy Program. Funds for this $250,000 installation project are budgeted under the Mayor's Energy Conservation Account.

President Normandy pulled Item 14 from the agenda.

14. Discussion and possible action related to an Option Agreement for the Purchase of Real Property with Mirant Potrero, LLC.

Staff Recommendation: Approve an Option Agreement for the Purchase of Real Property with Mirant Potrero, LLC, for an exclusive and non-revocable option and right to purchase real property consisting of approximately 4.5 acres of land, located in the City and County of San Francisco, and commonly known as Station A at the Potrero Power Plant. This is the location where three of the four combustion turbines that comprise the San Francisco Electric Reliability Project are proposed to be located subject to further City and State project approvals.

President Normandy pulled Item 15 from the agenda.

15. Discussion and possible action related to transferring funds from Project No. CUW368 – Bay Division Hydraulic Capacity Upgrade, to

Project No. CUW359 – Irvington Tunnel/Alameda Siphon. (J. Wong)

Staff Recommendation: Approve the transfer of funds, in the amount of $130,000, from Project No. CUW368 to Project No. CUW359.

LEASES AND PERMITS

16. Discussion and possible action related to a Revocable Permit for a public pedestrian/bicycle trail in the City of Sunnyvale.

Moved by Vice President Costello, seconded by Commissioner Werbach, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 04-0092: Authorize the Acting General Manager of Public Utilities to execute a Revocable Permit with the City of Sunnyvale for a portion of Public Utilities Commission pipeline right of way property to construct a bridge and ramp structure as part of a public pedestrian/bicycle trail in the City of Sunnyvale.

PROFESSIONAL SERVICE CONTRACTS

Amend

17. Discussion and possible action related to Agreement No. CS-699 – As-Needed Operational Support Services.

Moved by Vice President Costello, seconded by Commissioner Brooks, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 04-0093: Approve Amendment No. 1 to Agreement No. CS-699 with Camp, Dresser McKee, Inc., Montgomery Watson Harza, Weiss Associates, Olivia Chen Consultants, URS Corporation, Kennedy/Jenks Consultants, Raines, Melton and Carella, Inc., Tetra Tech and Malcolm Pirnie; and authorize the Acting General Manager of Public Utilities to execute this amendment, increasing the total authorized spending authority for Agreements Nos. CS-699A, B, C, D, E, F, G, H and I, from $4,000,000 to $6,000,000.

CLOSED SESSION

18. Public comments on matters to be discussed in Closed Session.

There were none.

19. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

Moved by Commissioner Brooks, seconded by Vice President Costello, to assert the attorney-client privilege; passed (4-0) unanimously.

Commissioner Werbach was excused at 4:57 P.M.

Ms. Davis was excused at 4:58 P.M.

The Public Utilities Commission met in Closed Session at 4:58 P.M. to discuss the following matters:

Items 21, 22, 24 and 25 were considered for continuation to the next regular Commission meeting scheduled on June 22, 2004.

21. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8: (Milstein) (Continued from the meeting of May 25, 2004.)

Moved by Commissioner Brooks, seconded by Vice President Costello, to continue Item 21 to the next regular Commission meeting scheduled on June 22, 2004; passed (3-0) unanimously.

Property: City of South San Francisco, at the corner of El Camino Real and
Chestnut Ave., approximately 8+ acres.
Parties Negotiating: Dowd/Lymburn
City of South San Francisco
Under Negotiation: Terms and conditions

22. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8: (Milstein) (Continued from the meeting of May 25, 2004.)

Moved by Commissioner Brooks, seconded by Vice President Costello, to continue Item 22 to the next regular Commission meeting scheduled on June 22, 2004; passed (3-0) unanimously.

Property: City of Fremont, between Canyon Heights Rd. and Deer Rd. near Niles
Canyon, approximately 7.5 acres.
Parties Negotiating: Dowd/Lymburn
Under Negotiation: Terms and conditions

24. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8: (Milstein)

Moved by Commissioner Brooks, seconded by Vice President Costello to continue Item 24 to the next regular Commission meeting scheduled on June 22, 2004; passed (3-0) unanimously.

Property: City of Mt. View, running between Whisman Rd., approximately 7 acres
adjacent to pipeline r/w.
Parties Negotiating: Dowd/Lymburn
Under Negotiation: Terms and conditions

25. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Greenman) (Continued from the meeting of May 25, 2004.)

Moved by Commissioner Brooks, seconded by Vice President Costello, to continue Item 25 to the next regular Commission meeting scheduled on June 22, 2004; passed (3-0) unanimously.

Existing Litigation: Pacific Gas & Electric Co. v. City and County of San Francisco; San Joaquin County Superior Court No. 017854.

20. Threat to Public Services or Facilities (Government Code Section 54957): (Clayton)

Present were President Normandy, Vice President Costello, Commissioner Brooks, SFPUC Legal Counsel Vicki Clayton, Commission Secretary Mary Y Jung, Acting Assistant General Manager of Operations Andrew DeGraca, SFPUC Security Manager John Rodgers, and Deputy Sheriff Vicki Hennessey.

Consultation with: Sheriff Hennessey concerning security of SFPUC Water and Power Systems.

No action was taken.

Commissioner Werbach returned at 4:59 P.M.

Ms. Davis returned at 5:03 P.M.

23. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8: (Milstein) (Continued from the meeting of May 25, 2004.)

Present were President Normandy, Vice President Costello, Commissioner Werbach, Commissioner Brooks, SFPUC Acting General Manager Cheryl Davis, SFPUC Legal Counsel Vicki Clayton, Commission Secretary Mary Y Jung, and Real Estate Services Manager Gary Dowd.

Property: Balboa Reservoir property and Ocean and Phelan MOU between SFPUC
and San Francisco City College
Parties Negotiating: Dowd
San Francisco City College

Under Negotiation: Terms and Conditions

No action was taken.

Following the Closed Session, the Commission reconvened in open session at 5:10 P.M.

26. Announcement following Closed Session.

President Normandy announced the actions taken during Closed Session.

27. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Commissioner Brooks, seconded by Vice President Costello, not to disclose the discussions during Closed Session; passed (4-0) unanimously.

There being no further business to discuss, the meeting was adjourned at 5:11 P.M.

Mary Y. Jung
Secretary

[35 of 208]

Learn more about related Organizations at SFPUC:
Commission

For Questions about this item, please contact us.

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SFPUC

WATER
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WATER & POWER
CLEAN WATER

SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Gavin Newsom
MAYOR

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AGENDA

SPECIAL MEETING

Tuesday, June 15, 2004
2:00 P.M.
City Hall, Room 408
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable E. Dennis Normandy, President
The Honorable Robert J. Costello, Vice President
The Honorable Ann Moller Caen
The Honorable Adam Werbach
The Honorable Ryan L. Brooks

DEPARTMENTS
Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

BUREAUS
Customer Services
Environmental Regulation & Management
Financial Services
Human Resource Services
Information Technology Services
Infrastructure Division
Real Estate Services
Strategic & Systems Planning
Water Quality

Cheryl K. Davis
ACTING GENERAL MANAGER

Mary Y. Jung
SECRETARY

For information, contact the Commission Secretary at 554-3165.
Agenda and other information are available on the SFPUC web site: www.sfwater.org.

Disability Access

The Public Utilities Commission meeting will be held in Room 408, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #47 Van Ness, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Mary Y. Jung at (415) 554-3165 or our TTY at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

Know your rights under the Sunshine Ordinance
(Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Donna Hall, Clerk, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: Donna.Hall@sfgov.org. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code §2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300; fax (415) 581-2317; web site at www.sfgov.org/ethics.

ORDER OF BUSINESS:

1. Call to Order

2. Roll Call

3. Approval of the Minutes

   a) Minutes of the February 10, 2004 Regular Meeting

   b) Minutes of the February 12, 2004 Special Meeting

   c) Minutes of the February 24, 2004 Regular Meeting

4. Report of the General Manager

   a) Fiscal Year 2004-2005 Budget Update (Mariani)
   (Continued from the meeting of June 8, 2004.)

5. Public Comments

   Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 11th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-3424.

PUBLIC HEARING

6. Public Hearing – To consider revised Schedule of Rates to be charged for Sewer Service Charges by the San Francisco Clean Water Enterprise. (Persons who are unable to attend the public hearing may submit to the City, by the time the proceedings begin, written comments regarding the subjects of the hearings. These comments will be brought to the attention of the Commission and will become part of the official public record. Written comments can be sent to Mary Jung, Commission Secretary, San Francisco Public Utilities Commission, 1155 Market Street, 11th Floor, San Francisco, CA 94103.) (Continued from the meeting of June 8, 2004.) (Mariani)

Staff Recommendation: Adopt schedules of rates to be charged by the San Francisco Clean Water Enterprise for sewer service in San Francisco to be effective with meter readings beginning July 1, 2004, or thereafter.

For more information, click onto the link below:

http://sfwater.org/detail.cfm/MC_ID/5/MSC_ID/89/MTO_ID/NULL/C_ID/1857

REGULAR BUSINESS

7. Discussion and possible action related to amending the Clean Water Enterprise Fiscal Year 2005 Operating and Repair and Replacement Budget. (Mariani)

Staff Recommendation: Authorize the Acting General Manager of Public Utilities to amend the Clean Water Enterprise FY2005 Operating and Repair and Replacement Budget, as approved by the Mayor.

ADJOURNMENT

6/15/04 Minutes SFPUC Commission

Gavin Newsom
MAYOR

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MINUTES

June 15, 2004
2:00 P.M.
City Hall, Room 408
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable E. Dennis Normandy, President
The Honorable Robert J. Costello, Vice President
The Honorable Ann Moller Caen
The Honorable Adam Werbach
The Honorable Ryan L. Brooks

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BUREAUS
Customer Service
Environmental Regulation & Manage
Financial Services
Human Resource Services
Information Technology Services
Infrastructure Division
Real Estate Services
Strategic & Systems Planning
Water Quality

Cheryl K. Davis
ACTING GENERAL MANAGER

Mary Y. Jung
SECRETARY

ORDER OF BUSINESS:

1. Call to Order: 2:04 P.M.

2. Roll Call: Present – President E. Dennis Normandy, Vice President Ro Costello, Commissioner Adam Werbach, Commissioner Ryan L. Brooks

Excused - Commissioner Ann Moller Caen

President Normandy took the agenda out of order with the items in the following order: Items 5, 6, 3, 4, and 7.

5. Public Comments on matters not on today's agenda.

Ms. Espanola Jackson, San Francisco resident, stated she once lived in p housing and from 1948-68, had never paid for water, trash collection o PG&E. Referring to developments in the City, she stated she would like Housing Authority and the Redevelopment Agency to be part of the rate discussion because she thought rates should be leveled and the rate inc would not be as high if everyone was paying their share.

Mr. Francisco Da Costa, San Francisco resident, stated he thought some issues were not considered during the rate deliberations. He spoke to th issue of how there was no empirical data in the City & County of San Francisco (CCSF) to know the amount of consumption of sewer and wat and that there was no system in place. He urged the Commission to be visionary and to come to consensus on a fair decision for the San Franciscans.

Mr. David Pilpel, San Francisco resident, stated he attended the Oceans Plant employee lunch for the Plant of the Year and was impressed with employees and the work that was done throughout the Clean Water sys He stated he spoke with some employees who didn't understand the bu and politics, but understood that job positions were vacant and that thi they want to do to maintain the system were held up by the deliberatio praised the workers of the agency and the work they do on a day-to-da basis to make the agency function.

PUBLIC HEARING

6. Public Hearing – To consider revised Schedule of Rates to be chargec Sewer Service Charges by the San Francisco Clean Water Enterprise. (Continued from the meeting of June 8, 2004.)

President Normandy recapped that the pubic hearing process began on 25. He stated issues were raised at that meeting for which immediate answers could not be given. He stated discussion continued at the June meeting and a vote resulted in a 2-2 deadlock regarding the 11% propc rate increase. He stated he and Vice President Costello supported an increase, but voted no from the position of representing San Francisco ratepayers through a citizen oversight board. He stated their move was to fend off politicizing the process. He stated what was needed was: 1) solution that would allow the sewer enterprise to survive with a rate increase, 2) improvements to the Southeast community, 3) improveme the sewer system in relation to flooding issues, and 4) support of staff a Rate Fairness Board (RFB) recommendations for a rate increase.

President Normandy stated during the intervening time, senior staff me
Mr. Edmund Jew and his colleagues, RFB Chair Matt Adams, and City
Administrator and RFB Member William Lee, to discuss issues raised du
the past public hearings. He asked for Mr. Adams and Mr. Jew to addres
Commission before public comment.

Mr. Adams stated he and Mr. Lee met with Mr. Jew to address his conce
regarding the 11% increase and its implementation. He stated the thre
issues were: 1) efficiency of the RFB report, 2) exclusion of low-income
senior protection, and 3) CPI (Consumer Price Index)-based rate increa
go forward. He stated any future rate increase would have to have an
efficiency component. As for low-income seniors, he stated there was n
answer at this time, but work would continue. He stated he disagreed w
Mr. Jew on a CPI-based increase as the RFB was looking at a rate incre
a five-year horizon and the overall health of the sewer enterprise over f
years and not on a one-year-at-time adjustment basis. He stated an inc
based on CPI would constitute a very large increase. He noted the
Commission had asked RFB to look at a 10-year horizon on rate
methodology. He addressed Ms. Patricia Martel's, former General Manag
Public Utilities, comment about the enterprise ability to survive on a sm
2.4% increase or no increase, stating it could survive one year but wou
drain the entire bank account of the reserves, which the RFB determine
financially imprudent. He stated finding moderation between Mr. Jew's
suggested 3.5% and the RFB's 11% increase, was the call of the
Commission. He stated the RFB felt the repair and replacement (R&R)
budgets needed to be funded and the reserves needed to be built. He s
the RFB was not able to make a determination about the 2.4% allocate
the budget for operations and management without being provided dat
information. He stated the RFB stood with its 11% increase recommend

Commissioner Brooks asked if a compromised rate increase this year w
mean future increases would be more than 11%. Mr. Adams affirmed th
would be true.

Commissioner Brooks stated it was known the debt service would doubl
2007 and asked how it would be paid for if a compromised rate increas
adopted.
Mr. Adams stated anything below 11% would trigger higher increases ir
future.

Commissioner Werbach asked if there was new factual information or d
if any new issue had come forth that had been presented to Mr. Adams
during recent meetings. Mr. Adams stated no information had been
presented.

Commissioner Werbach asked if the RFB's 11% recommendation had
changed as a result of private meetings. Mr. Adams clarified the RFB ha
met recently and that the 11% was a recommendation. He stated all he
committed to in his conversations with Mr. Lee, Mr. Jew and President
Normandy was the fact that if a smaller increase were passed, the RFB

continue to work on committing time to investigate the resulting issues

Commissioner Werbach asked if Mr. Adams, as a hotelier, supported m forward with the 11% recommendation. Mr. Adams stated he personal endorsed the 11% increase, but would continue to endorse whatever th Commission recommended.

President Normandy stated a full Commission meeting could not be hel without public notice. and Commissioners are forbidden by law from lob fellow Commissioners on taking certain positions except in open deliber He stated it was desirable to bring everyone to the table to allow compr for the greater good. He stated after hearing from Mr. Adams and Mr. the item was open for deliberation by the Commission. He stated there two options: one that could possibly take the solution out of the hands Commission and put it in the political arena, and the second which wou allow the public to have input to craft a solution for a rate increase and further discussion to address future issues.

Mr. Jew, Sewer Water Efficiency and Affordability Plan, stated he was attending the meeting to ask for a compromise of a 3.35% increase, ba on information from the May 25 meeting (2.25% for operations and maintenance and 1.1% for the reserve). He stated a June 14 press conference with President Normandy revealed that if there was no rate increase, service would be maintained. He stated he was disappointed M Adams was firm on the 11% and that the compromise of 4.5% for R&R 1% for the reserve was not considered.

President Normandy interjected he understood the RFB had not met, therefore could not make an official change in their stance; and further the RFB would implement whatever the Commission's decision was.

Mr. Jew stated he received a packet prior to the meeting from Ms. Cher Davis, Acting General Manager, related to questions he had asked and t he needed more time to review the documentation. He suggested 90 da further discussion and to consider a 5.5% adjustment. He stated the 13 signatories he represented were steadfast about receiving more informa particularly regarding SFPUC budget matters from Fiscal Years 2002-03 the present and justification for employee positions, vacancies, turnove pay increases in the agency. He stated he would make a sunshine requ the information in the interest of determining what a rate increase shou venturing it would be moderate or possibly none at all.

President Normandy asked Mr. Jew if he accepted the fact that a rate increase was necessary to continue operations, address flooding issues, address environmental concerns in the Southeast community. Mr. Jew s he had come to the compromise of increasing R&R to 4.5% and the res to 1% based on those reasons. He stated he believed in saving money, wanted 90 days for the RFB and staff to investigate the financial operat and efficiency of the sewer enterprise.

President Normandy responded he was at the aforementioned press conference and saw the portion of the May 25 videotape in which Ms. M stated that should no rate increase occur, the operations would continu at bare bones and the environmental concerns in the Southeast commu would not be addressed, no repairs to prevent flooding would be possib and no money would be put into the reserves.

Mr. Adams stated, in a world of compromise, a 5.5% increase would m the enterprise in the right direction and would be accepted.

President Normandy stated the Commission would arrange to make ava to the RFB the services of Black & Veatch for further work from the RFB Adams stated the RFB needed the expertise of an outside consultant to the issues in depth.

President Normandy stated it was desirable the RFB work beyond a five plan to consider the next ten years. Mr. Adams agreed.

President Normandy requested that SFPUC staff continue to work with M Jew's group and the RFB on the issues of efficiencies in operating costs, lifeline rates, and senior and low-income discounts. He stated it would b best if they could work in tandem to come to an agreement. He stated continued discussion and investigation were necessary to convince the Commission and the rate-paying public that all the facts and figures ha been presented, discussed and accepted. He asked Mr. Jew if he agreec Jew stated he agreed.

Commissioner Werbach stated he was uncomfortable with the idea that compromises were being made for the SFPUC in non-public meetings a then presented verbally to the Commission. He commented he had notl writing to review. He stated he thought this was bad practice and that t process should be done in public Commission meetings. He stated he understood Mr. Jew's issues.

President Normandy stated the issues were being presented at today's meeting in the public forum for everyone to discuss. He stated a "worki group" started the process and disagreed there was anything private or wrong about the process that was started and then presented to the pu He stated for this reason, he was making sure there was agreement fro Jew and Mr. Adams.

Commissioner Werbach asked if the meeting was being broadcast. Ms. Jung, Commission Secretary, stated the meeting was being taped, but t was no broadcasting equipment available in Room 408 and it was the o room available.

Commissioner Werbach stressed, in order to share deliberations with th public, they needed to be broadcast. He stated he had spoken with Mr. and shared some of his views, but commented Mr. Jew was not the onl concerned ratepayer. He stated negotiating with one ratepayer on beha

all ratepayers suggested it was not a public process for all the ratepaye he was uncomfortable moving ahead with such a forum. He stated he understood the preceding week was for discussion of three questions/is which he understood were: 1) the challenge of the timeline to make a r increase and that with delays there were potential resulting negative bu losses, 2) the percentage of the rate increase, as Mr. Jew had suggeste using the CPI model and the RFB suggested an 11% increase each year three years, and 3) the negotiation of a ballot measure. President Norr stated those issues were for discussion now.

Commissioner Werbach stated to Mr. Jew that SFPUC was on a schedul that he understood he was requesting waiting 90 days to make a decisi which point having seen the data he would support a 5.5% increase. M stated his discussion with Mr. Adams, Mr. Lee and President Normandy for a 5.5% increase, to have it implemented and within 90 days have a review of finances, efficiencies, and operations to determine if additiona adjustments or reductions could be made.

Commissioner Werbach asked if he hoped for a reduction. Mr. Jew state that was correct and that he strongly supported the CPI.

Commissioner Werbach stated he was uncomfortable negotiating a San Francisco sewer policy with one person and thought it was inappropriat Jew stated the other alternative was he could contact the 13,000 signat and bring it to the voters.

Commissioner Werbach stated he appreciated the alternative and want discuss it. He returned to the first question about timeline, stating it ha been addressed. He noted if the rates had been increased by CPI in the six years of the rate freeze, it would have amounted to a 24% increase stated the consultant had proposed a 30% increase and thought the difference between a 24% and 30% increase was a rational discussion; instead, a 5.5% increase was being recommended. He asked Mr. Jew if would support a 5.5% increase for this year and be comfortable with a 19% increase in future years. Mr. Jew stated he could not answer at thi time.

Commissioner Werbach stated this brought discussion to the third ques the ballot measure. He stated if the rates were raised 5.5% this year, it seemed the threat of a ballot measure would not be withdrawn if a 19% compensation increase was recommended in the future. He asked if it v be acceptable to Mr. Jew's constituency. Mr. Jew stated he did not wan make assumptions and thought 19% was an arbitrary figure.

Commissioner Werbach asked for a real figure of what an increase woul look like in subsequent years if the rate was increased 5.5% this year. Jean Mariani, Acting Assistant General Manager of Business Services, st in the meeting with Mr. Jew on Thursday, discussion was about an initia 3.5% increase. At the meeting, she stated it was determined that in Jar an 18% increase would be needed to make up the difference. She state

provided packet showed the 18.2% calculation based on implementing January rather than waiting another year.

President Normandy interjected the difference between today and Janu was that Mr. Jew and his 13,000 signatories would be instrumental in bringing to the ratepayers what the facts were. He stated the threat of ballot initiative was where the Commission was in 1996, stating there w hostility on both sides and ignorance of the facts and hoped bringing th public to the table would diminish that threat.

Commissioner Werbach stated he understood President Normandy's int for agreement on a difficult matter. He stated the intention of fixing the sewer system was important. He stated his concerns: 1) adding 90 day the timeline would create hardship for this year's budget, 2) consultant the RFB determined a rate increase, but the proposed 5.5% would be a burden to seniors in year two, and 3) there was no agreement on a ball measure. He stated there was no choice because the rate freeze from t past was being ameliorated this year. He stated an important policy of Commission was for regular, predictable increases. He stated the RFB's action of taking the consultant's recommended 30% increase and devis 11% increase each year for three years would be less harsh on ratepay He stated this was a regular and measurable process for the next three years, and that CPI-like rate increases could be considered after that. H stated he and the other Commissioners were committed to spending th year figuring out cost savings. He stated the information was not availa and Finance staff, the RFB, and the City Auditor did not believe it would within 90 days. He thanked President Normandy and Mr. Jew for their t and efforts. He stated he wanted to move the item with an 11% increas with the added 15% lifeline, and with a commitment from staff to come to the Commission in 120 days with a fuller proposal with a more robus lifeline and a commitment to cost control measures. He requested the C Auditor come back to the Commission regarding funds to ensure the efficiency of the agency and the conservation measure asked for in the original ballot measure, before any other increase was brought to the Commission.

Commissioner Brooks stated he wanted to second the motion without amendments. He stated appreciation for President Normandy's time an efforts. He stated during the deliberations, it was important to keep in r the goal of doing the best job the SFPUC could do for the citizens of CC He stated the first RFB public meeting was three months prior on March which time people had the opportunity to bring up issues and discuss d He stated he would not feel comfortable voting on a 5.5% increase toda without empirical data, as he did not know where the numbers originat and knew nothing of them until today. He stated he was much more comfortable with the work and empirical data of the RFB and the consul He stated at the last meeting there was discussion about "gambling" wi people SFPUC was trying to protect. He stated there was no assurance in 90 days a number would have been determined to protect senior and come customers. Referring to a June 15 memo from Ms. Davis, he state

outlined how waiting six months and not taking any action would result 18.2% increase for seniors the next year and was not comfortable with scenario. He spoke to Proposition E, stating it had passed by a 55.3% v and did not think it compared with the 13,000 signatures Mr. Jew collec He stated the process was just that—a process – and that the documen were living documents, which would be continuously changing. He state appreciated all that was stated in the deliberations, but based on the da presented he supported the 11% increase.

Commissioner Costello stated for the record he had been in support of holding up the process in hopes of protecting low-income families and s and should remain the goal whether the item passed today or not. He s he would be embarrassed to approve a 5.5% increase and find out in o year it would be raised to 18%. He stated he was in favor of an 11% increase today because the item needed to be moved to keep the enter from losing hundreds of thousands of dollars. He advocated for the RFB other parties to continue meeting, noting 90 days was not sufficient tim produce answers to the questions and issues raised.

Public Comment:

Mr. Michel Blaufuss, San Francisco resident, stated that there had been raise for eight years, but there was a $17 million reserve fund. He state represented an overcharge and misuse of funds. He stated in light of equipment failures, floods, and nonworking facilities, there should be n reserve funds, claiming SFPUC sat on money when repairs needed to b and that waiting 90 days would create more overcharges. He opposed t raise and any transfer of funds.

Ms. Eva Skoufis, Laundromat owner, stated the lifeline rate did not sho fairness or justice to businesses. She asked the City Attorney if this wa or legal. She stated lifeline had been given to millionaires for years, but to small businesses. She stated she would have difficulty paying her bil the rate was raised. Ms. Vicki Clayton, Deputy City Attorney, stated sh not respond to questions from the public at meetings.

Ms. Skoufis continued that an 11% increase and changing the flow fact from 95 to 90 constituted a 20% raise. She expressed this was not fair Laundromats. She commented that she thought Commissioners were supposed to represent the people and would make an effort to have all Commissioners selected through a process in which they would pay mo attention to the people.

Commissioner Werbach asked Ms. Skoufis to write down her legal ques and he would submit it to the City Attorney for an answer. He stated he concerned about her situation as a Laundromat owner and hoped water saving or capital improvements could be developed for them.

Mr. Handley Chan, San Francisco resident, stated it seemed the Commi had already decided on an increase, but it was the people who should ju

Mr. Jimmy Kwok, San Francisco resident, stated in the beginning Mr. Je stated his constituency did not want a raise, but after a process of disct agreed to a raise. He stated he supported the compromise. He thanked President Normandy and Mr. Jew.

Mr. David Pilpel, San Francisco resident, stated it was appropriate to vo the 11% increase and see how things went in the future when further s were done and more information could be shared. He stated the politica considerations would be more proper before the BOS. He stated, by Chi the BOS had 30 days to reject any proposed rate increase and could co the political ramifications. He noted for the record that the sewer servic charge was not an income tax, rather a user fee, which paid for the cos operating the system for everyone. He strongly encouraged the Commi: to pass the 11% increase.

Ms. Rebecca Evans, former Chair of San Francisco Citizens' Advisory Committee on Wastewater, urged the Commission to vote for the increa She stated Mr. Jew had asked interesting questions, but that it was inappropriate for the Commission to meet with one segment of the community. She recalled meeting for two years with the Southeast community about solving sewer and odor problems and how the repairs needed to be made now for that community. She stated there was a ne emergency funds for catastrophic incidents and for an aging infrastructi

Mr. Howard Ash, RFB Member, stated he had listened to the deliberatio all the hearings. He stated at the last meeting, a zero-based budget wa mentioned and that Mr. Jew talked about looking at a complete review, organization charts, pay levels, etc. He stated that could take a year, n there were two upcoming City audits. He stated it would be helpful if th Commission could give direction on what to specifically study that affec customers the most. He stated the RFB would be willing to participate t providing policy guidelines and reviewing the results.

Regarding customers, Mr. Ash stated the pressing issues were: cleaning sewers and catch basins, fixing old and broken sewers, and fixing odor other problems at the Southeast Plant. He stated staff reported more fu was needed for these issues. He stated the debt service was $36 millior year and would be going up to $70 million in a few years. He stated thi: money paid for the sewage plants and their upgrades, but did not affec sewers or catch basins. He urged the Commission to choose the full-rat increase, stating to delay it would "cut off our nose to spite our face. As the CPI increase, he stated he might be able to live with it, but from an appropriate base. He questioned after six years of no rate increases, wa enterprise at an appropriate base. He stated because of the rate freeze, there had not been a need to look at all the issues and now being out fr under the rate freeze was the opportunity to do so.

Mr. Ash proceeded to address issues brought up by the public. As for lif he stated staff was doing what they had done for years and years. He s what RFB had done was continue lifeline for a year and would continue

investigate it. As for Laundromats, he stated if it was felt the flow facto wrong, an application could be submitted for an inspection through the SFPUC. As to the flow factor increase from 90% to 95%, he stated the I the staff, and the consultant opposed an increase except for multi-famil residential based on actual usage of the system, indicating it was not a across-the-board increase. He noted if it were kept at 90%, the rate inc to businesses would have been higher.

Commissioner Werbach asked Mr. Ash if he was a citizen representative Ash stated the BOS appointed him to represent residential customers. Commissioner Werbach asked if there was another citizen representativ the RFB. Mr. Ash stated there was another appointed by the Mayor. Commissioner Werbach asked if the vote was unanimous for an increas both citizen representatives. Mr. Ash stated he believed it was.

Mr. Bill Wilkinson, RFB Member, stated as a small businessman, he did like being threatened with another rate freeze, noting the sewer system over 100 years old and $100 - $200 million in maintenance had been deferred because of the rate freeze.

Ms. Jennifer Clary, President of San Francisco Tomorrow, stated she wa concerned about the odor control master plan and the Clean Water Mas Plan. She suggested the Commission assess fees for new development including hook-ups, and raised issues regarding pass-throughs to tenan

Mr. Emeric Kalman, San Francisco resident, spoke against the proposed increase.

Ms. Joan Girardot, Coalition for San Francisco Neighborhoods, remindec Commission that during the Fiscal Year 1996-97 transfer of Hetch Hetch money into the General Fund, the General Manager stated there were n unfunded needs at the SFPUC. Ms. Girardot asked that capacity fees for developments be addressed.

Mr. Tim Colen, former Chair Lake Merced Task Force, stated the City ha been sued because of sewer problems and the Commission needed to n the tough choice to improve the infrastructure and approve the propose rate increase.

Mr. Doug Comstock, Campaign Manager of Proposition H, stated Propos E stripped voters of the right to vote on rates and was against the rate increase without further study.

President Normandy thanked the RFB for their work. Commissioner Wei stated he just spoke to the City Attorney and asked for passage of the resolution with some additions.

Moved by Commissioner Werbach, seconded by Commissioner Brooks, adopt the following resolution as amended; passed (3-1). President Normandy voted no.

Resolution No. 04-0094: Adopt schedules of rates to be charged by the Francisco Clean Water Enterprise for sewer service in San Francisco to l effective with meter readings beginning July 1, 2004, or thereafter.

For more information, click onto the link below:

http://sfwater.org/detail.cfm/MC_ID/5/MSC_ID/89/MTO_ID/NULL/C_ID

At 4:08 P.M. the meeting was recessed

At 4:20 P.M. the meeting was reconvened.

ORDER OF BUSINESS, CONT.

3. Approval of Minutes

Moved by Commissioner Werbach, seconded by Vice President Costello, continue Item 3 to the next regular Commission meeting scheduled on 22, 2004; passed (4-0) unanimously.

a) Minutes of the February 10, 2004 Regular Meeting

b) Minutes of the February 12, 2004 Special Meeting

c) Minutes of the February 24, 2004 Regular Meeting

4. Report of the General Manager

Moved by President Normandy, seconded by Vice President Costello, to continue Item 4 to the next regular Commission meeting scheduled on 22, 2004; passed (4-0) unanimously.

a) Fiscal Year 2004-2005 Budget Update (Continued from the meetin June 8, 2004.)

REGULAR CALENDAR

Because Item 6 passed, Item 7 was not considered and no action was t

7. Discussion and possible action related to amending the Clean Water Enterprise Fiscal Year 2005 Operating and Repair and Replacement Bud

Staff Recommendation: Authorize the Acting General Manager of Public Utilities to amend the Clean Water Enterprise FY2005 Operating and Re and Replacement Budget, as approved by the Mayor.

There being no further business to discuss, the meeting was adjourned 4:22 P.M.

Mary Y. Jung
Secretary

| 34 of 208 |

Learn more about related Organizations at SFPUC:
Commission

For Questions about this item, please contact us.

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SFPUC

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CLEAN WATER

SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Gavin Newsom
MAYOR

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AGENDA

REGULAR MEETING

June 22, 2004
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable E. Dennis Normandy, President
The Honorable Robert J. Costello, Vice President
The Honorable Ann Moller Caen
The Honorable Adam Werbach
The Honorable Ryan L. Brooks

DEPARTMENTS
Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

BUREAUS
Customer Services
Environmental Regulation & Management
Financial Services
Human Resource Services
Information Technology Services
Infrastructure Division
Real Estate Services
Strategic & Systems Planning
Water Quality

Cheryl K. Davis
ACTING GENERAL MANAGER

Mary Y. Jung
SECRETARY

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Know your rights under the Sunshine Ordinance
(Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Donna Hall, Clerk, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: Donna.Hall@sfgov.org. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org.

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ORDER OF BUSINESS:

1. Call to Order

2. Roll Call

3. California Water Environment Association Statewide Awards for Treatment Plant of the Year and Public Education (Franza)
(Continued from the meeting of June 8, 2004.)

CLOSED SESSION

4. Public comments on matters to be discussed in Closed Session.

5. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

6. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8: (Milstein) (Continued from the meeting of June 8, 2004.)

Property:	City of South San Francisco, at the corner of El Camino Real and Chestnut Ave., approximately 8+ acres.
Parties Negotiating:	Dowd/Lymburn City of South San Francisco
Under Negotiation:	Terms and conditions

7. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8: (Milstein) (Continued from the meeting of June 8, 2004.)

Property:	City of Fremont, between Canyon Heights Rd. and Deer Rd. near Niles Canyon, approximately 7.5 acres.
Parties Negotiating:	Dowd/Lymburn
Under Negotiation:	Terms and conditions

8. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8: (Milstein) (Continued from the meeting of June 8, 2004.)

Property:	City of Mt. View, running between Whisman Rd., approximately 7 acres adjacent to pipeline r/w.
Parties Negotiating:	Dowd/Lymburn
Under Negotiation:	Terms and conditions

9. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Greenman) (Continued from the meetings of May 25 and June 8, 2004.)

Existing Litigation:	Pacific Gas & Electric Co. v. City and County of San Francisco; San Joaquin County Superior Court No. 017854

10. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Clayton)

Existing Litigation:	Sergey Shcherbakov v. City and County of San Francisco, et al.; San Francisco Superior Court No. 428-789

11. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Clayton)

Existing Litigation:	Philip & Rosanna Chenette; Unlitigated Claim No. 04-01865 (04-W-0001-5)

12. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman, Lee) (Continued from the meeting of May 25, 2004.)

Existing Litigation:	City and County of San Francisco v. Turlock Irrigation District; San Francisco Superior Court No. 323717

13. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Gelb)

Existing Litigation:	City and County of San Francisco v. Federal Communications Commission United States Court of Appeals for the District of Columbia Circuit, Case No. 03-1186

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN PUBLIC SESSION.

14. Announcement following Closed Session.

15. Motion regarding whether to disclose the discussions during Closed Session.

ORDER OF BUSINESS, CONT.:

16. Approval of Minutes

    a) Minutes of the February 10, 2004 Regular Meeting
    (Continued from the meeting of June 15, 2004.)

    b) Minutes of the February 12, 2004 Special Meeting
    (Continued from the meeting of June 15, 2004.)

    c) Minutes of the February 24, 2004 Regular Meeting
    (Continued from the meeting of June 15, 2004.)

    d) Minutes of the March 9, 2004 Regular Meeting

    e) Minutes of the March 23, 2004 Regular Meeting

17. Communications

18. Old/Ongoing Business by Commissioners

    a) Update Old/Ongoing Business Chart

19. Introduction of New Business by Commissioners

20. Report of the General Manager

    a) Fiscal Year 2004-2005 Budget Update (Mariani)
    (Continued from the meetings of June 8 and 15, 2004.)

    b) Calaveras Dam and Reservoir (Wade)
    (Continued from the meeting of May 11, 2004.)

c) Flooding Work Plan Update (Franza)

d) Southeast Community Issues Report (Davis)

e) SFGTV Broadcasting Report (Davis)

f) Infrastructure Division Progress Report (Kelly)

1) Capital Improvement Program Update

2) Capital Improvement Program Schedule
(Continued from the meeting of May 11, 2004.)

3) Response to Public Inquiries Regarding Capital Improvement Program
(Continued from the meeting of May 11, 2004)

21. Bay Area Water Supply & Conservation Agency General Manager's Report

a) Bay Area Water Supply & Conservation Agency Update (Jensen)

22. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 11th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-3424.

CONSENT CALENDAR

23. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

a) Staff Recommendation: Award Contract No. CW-318, Tara Street/Tingley Street Sewer Replacement, in the amount of $239,880, to Harty Pipelines, Inc.

b) Staff Recommendation: Award Contract No. CW-364, North Point Wet Weather Facility Sodium Hypochlorite Tanks Repair & Southeast Water Pollution Control Plant Sodium Hypochlorite Piping Replacement, in the amount of $217,900, to LC General Engineering.

c) Staff Recommendation: Award a professional services agreement to provide specialized tunnel design services work for Agreement No. CS-730, Specialized Tunnel Design Services for the New Crystal Springs Bypass (Polhemus) Tunnel, and authorize the Acting General Manager of Public Utilities to execute a professional services agreement with ARUP/Brierley Associates for an estimated amount of $1,600,000, and with a duration of 60 months.

REGULAR BUSINESS

24. Discussion and possible action related to initiation of a five-year energy efficiency plan with various City departments. (Continued from the meeting of June 8, 2004.) (Smeloff)

Staff Recommendation: Authorize the SFPUC to initiate five-year energy efficiency plans and department-wide energy programs with several large City departments to create a partnership with each department, establish aggressive energy efficiency goals, develop a plan for achieving those goals, and assemble the resources to implement that plan. (The purpose of the plan is to act on both Mayor Newsom's "Clean Energy Clean Air" commitment, and on the Electricity Resource Plan's policy to reduce local air pollution and greenhouse gas emissions while improving electricity reliability.)

25. Discussion and possible action related to the Climate Action Plan. (Smeloff)

Staff Recommendation: Request the SFPUC endorse the goals of the Climate Action Plan, reaffirming SFPUC's ongoing commitment to supporting energy efficiency and renewable energy.

26. Discussion and possible action related to a Memorandum of Understanding with North Coast County Water District for a service connection. (Carlin)

Staff Recommendation: Authorize the Acting General Manager of Public Utilities to execute a Memorandum of Understanding with the North Coast County Water District for the Construction of a Service Connection Between North Coast County Water District and Sharp Park Golf Course, a San Francisco Recreation & Park Department facility located in the City of Pacifica.

LEASES AND PERMITS

27. Discussion and possible action related to a Revocable Permit with the Midpeninsula Regional Open Space District. (Dowd)

Staff Recommendation: Authorize the Acting General Manager of Public Utilities to execute a Revocable Permit to the Midpeninsula Regional Open Space District to utilize a portion of SFPUC land as a public pedestrian/bicycle/equestrian dirt trail corridor.

CONSTRUCTION CONTRACTS

Award

28. Discussion and possible action related to Contract No. WD-2464, Baylands Recovery Project. (Read)

Staff Recommendation: Award Contract No. WD-2464 Baylands Recovery Project: Phase 2 Salt Pond and Levee Remedial Action, in the amount of $6,287,500, to Pacific States Environmental Contractors, Inc.

Close

29. Discussion and possible action related to Contract No. CW-335, 10th Avenue/Ortega Street/Oak Park Drive Sewer Replacement. (J. Wong)

Staff Recommendation: Accept work performed under Contract No. CW-335 10th Avenue / Ortega Street / Oak Park Drive Sewer Replacement; approve Modification No. 1, increasing the contract by $90,214.89, for a total contract amount of $631,834.89, and with a time extension of 31 consecutive calendar days, for a total contract duration of 76 consecutive calendar days; and authorize final payment of $144,501.28 to JMB Construction, Inc.

30. Discussion and possible action related to Contract No. CW-344, Trailer Truck Weighing Scale. (J. Wong)

Staff Recommendation: Accept work performed under Contract No. CW-344 Trailer Truck Weighing Scale, for a total contract amount of $145,280; approve Modification No. 4 for a time extension of 21 consecutive calendar days and a total contract duration of 151 consecutive calendar days; and authorize final payment of $14,502.80 to Schram Construction, Inc.

PROFESSIONAL SERVICE CONTRACTS

Amend

31. Discussion and possible action related to Agreement No. CS-743, Specialized Engineering Services. (Cael)

Staff Recommendation: Approve Amendment No. 1 to Agreement No. CS-743, Specialized Engineering Services During Construction, with Kennedy/Jenks Consultants, for continued support services during the remaining portion of the closeout phase of Project CUH703 – Priest Reservoir Bypass, and authorize the Acting General Manager of Public Utilities to execute this amendment, increasing the agreement by $30,000, for a total agreement amount of $440,500, and with a time extension of 7 months, for a total agreement duration of 17 months.

ADJOURNMENT

City and County of San Francisco
Public Utilities Commission
1155 Market Street, 11th Floor
San Francisco, CA 94103

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MINUTES

June 22, 2004
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable E. Dennis Normandy, President
The Honorable Robert J. Costello, Vice President
The Honorable Ann Moller Caen
The Honorable Adam Werbach
The Honorable Ryan L. Brooks

DEPARTMENTS	BUREAUS
Water Department	Customer Service
City Distribution Division	Environmental Regulation & Managemer
Water Supply & Treatment	
Hetch Hetchy Water & Power	Financial Services
Clean Water Program	Human Resource Services
Water Pollution Control	Information Technology Services
	Infrastructure Division
	Real Estate Services
	Strategic & Systems Planning
	Water Quality

Cheryl K. Davis
ACTING GENERAL MANAGER

Mary Y. Jung
SECRETARY

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ORDER OF BUSINESS:

1. Call to Order: 1:34 P.M.

2. Roll Call: Present – President E. Dennis Normandy, Vice President Robert J.
Costello, Commissioner Ann Moller Caen, Commissioner Adam Werbach,

Excused - Commissioner Ryan L. Brooks

3. California Water Environment Association Statewide Awards for Treatment Plant of
the Year and Public Education (Continued from the meeting of June 8, 2004.)

Mr. Tom Franza, Manager of Water Pollution Control, reported the PUC the
recipient of three awards from the San Francisco Bay Section of the California
Environment Association – two of which were first place awards. Mr. Franza of
nature of the awards granted to the SFPUC.

CLOSED SESSION

4. Public comments on matters to be discussed in Closed Session.
There were none.

5. Motion on whether to assert the attorney-client privilege regarding the matters
below as Conference with Legal Counsel.

Moved by Vice President Costello, seconded by Commissioner Caen, to assert the attorney-client privilege; passed (4-0) unanimously.

The Public Utilities Commission met in Closed Session at 1:48 P.M. to discuss the following matters:

6. Conference with Real Property Negotiator - Pursuant to Government Code
Section 54956.8: (Milstein) (Continued from the meeting of June 8, 2004.)

Present were President Normandy, Vice President Costello, Commissioner Caen, Commissioner Werbach, SFPUC Acting General Manager Cheryl K. Davis, SFPUC Legal Counsel Vicki Clayton, Commission Secretary Mary Y. Jung, SFPUC Real Estate Services Manager Garrett Dowd and Bruce Lymburn – Wendel, Rosen, Black and Dean Attorney's at Law.

Property: City of South San Francisco, at the corner of El Camino Real and Chestnut Ave., approximately 8+ acres.
Parties Negotiating: Dowd/Lymburn
City of South San Francisco
Under Negotiation: Terms and conditions

No action was taken.

7. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8: (Milstein) (Continued from the meeting of June 8, 2004.)

Present were President Normandy, Vice President Costello, Commissioner Caen, Commissioner Werbach, SFPUC Acting General Manager Cheryl K. Davis, SFPUC Legal Counsel Vicki Clayton, Commission Secretary Mary Y. Jung, SFPUC Real Estate Services Manager Garrett Dowd and Bruce Lymburn – Wendel, Rosen, Black and Dean Attorney's at Law.

Property: City of Fremont, between Canyon Heights Rd. and Deer Rd. near Niles Canyon, approximately 7.5 acres.
Parties Negotiating: Dowd/Lymburn
Under Negotiation: Terms and conditions

The Commission voted 3-1 to approve authorization for the General Manager to undertake negotiations. Commissioner Werbach voted no.

8. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8: (Milstein) (Continued from the meeting of June 8, 2004.)

Present were President Normandy, Vice President Costello, Commissioner Caen, Commissioner Werbach, SFPUC Acting General Manager Cheryl K. Davis, SFPUC Legal Counsel Vicki Clayton,

Commission Secretary Mary Y. Jung, SFPUC Real Estate Services Manager Garrett Dowd and Bruce Lymburn – Wendel, Rosen, Black and Dean Attorney's at Law.

Property: City of Mt. View, running between Whisman Rd., approximately 7 acres adjacent to pipeline r/w.
Parties Negotiating: Dowd/Lymburn
Under Negotiation: Terms and conditions

No action was taken.

9. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Greenman) (Continued from the meetings of May 25 and June 8, 2004.)

Present were President Normandy, Vice President Costello, Commissioner Caen, Commissioner Werbach, SFPUC Acting General Manager Cheryl K. Davis, SFPUC Legal Counsel Vicki Clayton, and Commission Secretary Mary Y. Jung.

Moved by Commissioner Werbach, seconded by Vice President Costello, to adopt the following resolution; passed (4-0) unanimously.

Existing Litigation: Pacific Gas & Electric Co. v. City and County of San Francisco; San Joaquin County Superior Court No. 017854

Resolution No. 04-0095

10. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Clayton)

Present were President Normandy, Vice President Costello, Commissioner Caen, Commissioner Werbach, SFPUC Acting General Manager Cheryl K. Davis, SFPUC Legal Counsel Vicki Clayton, and Commission Secretary Mary Y. Jung.

Moved by Commissioner Caen, seconded by Commissioner Werbach, to adopt the following resolution; passed (4-0) unanimously.

Existing Litigation: Sergey Shcherbakov v. City and County of San Francisco, et al.; San Francisco Superior Court No. 428-789

Resolution No. 04-0096

11. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Clayton)

Present were President Normandy, Vice President Costello, Commissioner Caen, Commissioner Werbach, SFPUC Acting General Manager Cheryl K. Davis, SFPUC Legal Counsel Vicki Clayton, and Commission Secretary Mary Y. Jung.

Moved by Commissioner Werbach, seconded by Vice President Costello, to adopt the following resolution; passed (4-0) unanimously.

Existing Litigation: Philip & Rosanna Chenette;
Unlitigated Claim No. 04-01865 (04-W-0001-5)

Resolution No. 04-0097

12. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman, Lee) (Continued from the meeting of May 25, 2004.)

Present were President Normandy, Vice President Costello, Commissioner Caen, Commissioner Werbach, SFPUC Acting General Manager Cheryl K. Davis, SFPUC Legal Counsel Vicki Clayton, Commission Secretary Mary Y. Jung, Deputy City Attorney Donn Furman, Deputy City Attorney Jonathan Lee, SFPUC Assistant General Manager of Power Policy, Planning & Resource Development Edward Smeloff, and SFPUC Acting Manager of Hetch Hetchy Water & Power Marla Jurosek.

Existing Litigation: City and County of San Francisco v. Turlock Irrigation District; San Francisco Superior Court No. 323717

No action was taken.

13. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Gelb)

Present were President Normandy, Vice President Costello, Commissioner Caen, Commissioner Werbach, SFPUC Acting General Manager Cheryl K. Davis, SFPUC Legal Counsel Vicki Clayton, Commission Secretary Mary Y. Jung, Deputy City Attorney Lisa Gelb, and Department of Information & Technology Services Project Manager Fonda Davidis.

Existing Litigation: City and County of San Francisco v. Federal Communications Commission;
United States Court of Appeals for the District of Columbia Circuit, Case No. 03-1186

No action was taken.

Following the Closed Session, the Commission reconvened in open

session at 3:23 P.M.

14. Announcement following Closed Session.

President Normandy announced the actions taken during Closed Session.

15. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Vice President Costello, seconded by Commissioner Caen, not to disclose the discussions during Closed Session; passed (4-0) unanimously.

ORDER OF BUSINESS, CONT.:

16. Approval of Minutes

Moved by Vice President Costello, seconded by Commissioner Caen, to adopt the Minutes of the February 10, 2004 Regular Meeting (continued from the meeting of June 15, 2004) as amended, the February 24, 2004 Regular Meeting (continued from the meeting of June 15, 2004), the March 9, 2004 Regular Meeting, and the March 23, 2004 Regular Meeting, and to continue the Minutes of the February 12, 2004 Special Meeting (continued from the meeting of June 15, 2004) to the next regular Commission meeting scheduled on July 13, 2004; passed (4-0) unanimously.

17. Communications

Commissioner Werbach requested the status on the development of the gravel pit in Sunol.

Commissioner Moller Caen requested a security update specifically on Hetch Hetchy, a status update on the bottled water project and the status of low-income discounts for the sewer service charge. With respect to the sewer service charge, President Normandy noted that this was a task of the Rate Fairness Board and asked Ms. Cheryl Davis, Acting General Manager of Public Utilities, to ask the Rate Board to include information regarding the low income discount program in its reports to the Commission.

18. Old/Ongoing Business by Commissioners

a) Update Old/Ongoing Business Chart

President Normandy noted Commissioner Brooks asked that there be a report on the Capital Improvement Program (CIP) at every regularly scheduled Commission meeting.

Commissioner Werbach asked about the revised goals for the CIP based on recommendations from members of the environmental community.

Commissioner Caen stated she had some issues concerning Treasure Island and Yerba Buena Island. She also requested a second quarter budget variance report. She also noted her concerns regarding Hetch Hetchy hiring and overtime. Lastly, she asked about the status of the air valve located near the intersection of Dewey and Pacheco.

19. Introduction of New Business by Commissioners

President Normandy asked for a report from the General Manager regarding the hiring that was currently being done with respect to the Capital Improvement Program (CIP). He also requested the Commission Secretary arrange a meeting with himself, the Vice President, Mr. Steve Lawrence, Mr. Art Jensen or his representative, and Mr. Phil Kohne to discuss the progress of the CIP. Commissioner Werbach suggested that the General Manager or the Director of the CIP should also attend.

20. Report of the General Manager

a) Fiscal Year 2004-2005 Budget Update (Continued from the meetings of June 8 and 15, 2004.)

Ms. Jean Mariani, Acting Assistant General Manager of Business Services, gave an overview of the changes to the budget since the Commission approved it, as some changes made by the Mayor would require the Commission's action in order to be implemented.

Ms. Mariani highlighted the budget allocated $3 million to the Department of Public Works (DPW) for street sweeping. She noted that street sweeping could be considered a valid utility operation under the Clean Water Act and thus a nexus could be made. She stated that if the Commission agreed to the expenditure, then she would work with DPW to establish an MOU that would define the services that would be delivered for the $3 million. Commission Caen asked Ms. Mariani to research how the $3 million amount was derived and to report back to the Commission. Ms. Mariani agreed to examine how the number was derived, whether street sweeping actually impacted the sewer system and to find out the total street sweeping budget.

The second issue Ms. Mariani discussed was the Mayor's office request for $150,000 to offset a deficit at Camp Mather.

The next issue Ms. Mariani discussed was a $400,000 request to completely fund the auxiliary water supply system (AWSS) in the

Fire Department. She noted that the nexus was this non-potable water could be available if the SFPUC did need additional water. Deputy City Attorney Vickie Clayton clarified that the nexus had to be a benefit to the water system to use revenue funds to pay for it. She noted the AWSS was installed in the 1920s as a separate and distinct system from the regular SFPUC water system and it was her belief that it was funded through taxes.

Ms. Mariani then went on to describe the Mayor's Office proposal to have Central Shops take over the automotive maintenance needs of the SFPUC. SFPUC negotiated that Central Shops take over the maintenance of passenger vehicles and light trucks, but that other trucks and equipment used for CDD would continue to be the SFPUC's responsibilities. Ms. Mariani noted that this proposal was more expensive than if the SFPUC's staff performed the same functions; however, she agreed to an MOU between the SFPUC and Central Shop and that an analysis would be done in six months to determine the outcome.

With respect to the two sets of funding for audit services, Ms. Mariani noted that $500,000 was for the Board of Supervisors' (BOS) Budget Analyst to assist with examining various management and performance improvements. The second amount of $503,139 was for the City Services Auditor to examine the Clean Water Program.

Ms. Mariani reported on the request for power revenue reductions due to $2.6 million due to PG&E rate reductions and changes in consumption estimates for City Departments. There were also $3.3 million in changes in rate structures for the Moscone Convention Center, the Fine Arts Museums and Candlestick Park. In addition, the Mayor's Office requested the deferral of $1.6 million from the Moscone Center for its solar efficiency loan. SFPUC staff recommended moving the payment to the back end of the loan and deferring it for one year.

Commissioner Werbach raised the issue of Hetch Hetchy rates and moving forward with getting a bond rating for the solar bonds. Ms. Mariani mentioned that the issue fits in with the Hetch Hetchy business plan and that this would be an item that staff would be returning to the Commission. Commissioner Werbach then stated his position was that he would not support the transfers and that he would oppose them unless there was an agreement from the Mayor and Board of Supervisors to set a minimum level of revenues equal to the upcoming fiscal year's level. He stated that other jurisdictions do this by establishing a cost of service plus debt payments plus a reserve of approximately 20 percent. President Normandy concurred with Commissioner Werbach's suggestion and directed Ms. Mariani to use this as a negotiating element.

Lastly, Ms. Mariani discussed the Mayor's office deletion of payment from the Treasure Island Development Authority to the SFPUC of $1,860,250 for utility services.

b) Calaveras Dam and Reservoir (Continued from the meeting of May 11, 2004.)

Mr. Michael Carlin, Manager of Strategic & Systems Planning Bureau, explained that the Calaveras Dam and Reservoir were part of the regional water system and that the reservoir represented 40 percent of the Bay Area's surface water storage. If there were an earthquake of sufficient strength to cause the loss of Hetch Hetchy supply, a fully functioning Calaveras would supply 140 days of water for the regional water system. Given the current state of reserves at 33 percent of capacity, Calaveras could only supply water for 42 days.

Mr. Carlin also described the CEQA environmental review process for the Calaveras Dam project. At the end of Mr. Carlin's presentation, President Normandy suggested continuing the discussion to a later date when staff would be able to discuss the details of its proposed policy. Commissioner Werbach then asked for clarification from Mr. Carlin regarding his views on creating overarching policies for the SFPUC. Commissioner Caen requested that Mr. Carlin continue this discussion with environmental stakeholders. President Normandy suggested that since Commissioner Werbach was the Commission's point person on environmental matters, that perhaps he could conduct meetings with Mr. Carlin and other staff to gather additional information.

c) Flooding Work Plan Update

Mr. Tom Franza, Deputy Manager of Water Pollution Control, described the three components of the flooding work plan: 1) immediate actions; 2) planning and engineering to develop long-term recommendations; and, 3) making improvements in the city-wide emergency response to flooding. Mr. Franza went on to discuss each of these items in detail.

d) Southeast Community Issues Report

Ms. Davis, informed the Commission that because Commissioner Brooks was taking the lead with respect to the issues raised by the Southeast Community and could not present at today's meeting, she respectfully relayed his request that this item be discussed fully at the next Commission meeting when he would be present.

21. Bay Area Water Supply & Conservation Agency General Manager's Report

a) Bay Area Water Supply & Conservation Agency Update

Mr. Art Jensen, BAWSCA General Manager, announced he and his Board Members would be meeting with Mayor Newsom on Monday, June 28th. He also reported that his Board had been following the issue of chloramination and its reported health impacts closely.

CONSENT CALENDAR

23. Moved by Commissioner Caen, seconded by Vice President Costello, to adopt the items (a-c) listed under the Consent Calendar; passed (4-0) unanimously.

a) Resolution No. 04-0098: Award Contract No. CW-318, Tara Street/Tingley Street Sewer Replacement, in the amount of $239,880, to Harty Pipelines, Inc.

b) Resolution No. 04-0099: Award Contract No. CW-364, North Point Wet Weather Facility Sodium Hypochlorite Tanks Repair & Southeast Water Pollution Control Plant Sodium Hypochlorite Piping Replacement, in the amount of $217,900, to LC General Engineering.

c) Resolution No. 04-0100: Award a professional services agreement to provide specialized tunnel design services work for Agreement No. CS-730, Specialized Tunnel Design Services for the New Crystal Springs Bypass (Polhemus) Tunnel, and authorize the Acting General Manager of Public Utilities to execute a professional services agreement with ARUP/Brierley Associates for an estimated amount of $1,600,000, and with a duration of 60 months.

REGULAR CALENDAR

The agenda items were taken out of order and were heard in the following order: 28, 29, 30, 31, 26, 27, 24, 25, 20e, 20f, and 22.

CONSTRUCTION CONTRACTS

Award

28. Discussion and possible action related to Contract No. WD-2464, Baylands Recovery Project.

Moved by Commissioner Werbach, seconded by Vice President Costello, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 04-0101: Award Contract No. WD-2464 Baylands Recovery Project: Phase 2 Salt Pond and Levee Remedial Action, in

the amount of $6,287,500, to Pacific States Environmental Contractors, Inc.

Close

29. Discussion and possible action related to Contract No. CW-335, 10th Avenue/Ortega Street/Oak Park Drive Sewer Replacement.

Moved by Vice President Costello, seconded by Commissioner Caen, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 04-0102: Accept work performed under Contract No. CW-335 10th Avenue / Ortega Street / Oak Park Drive Sewer Replacement; approve Modification No. 1, increasing the contract by $90,214.89, for a total contract amount of $631,834.89, and with a time extension of 31 consecutive calendar days, for a total contract duration of 76 consecutive calendar days; and authorize final payment of $144,501.28 to JMB Construction, Inc.

30. Discussion and possible action related to Contract No. CW-344, Trailer Truck Weighing Scale.

Moved by Commissioner Caen, seconded by Vice President Costello, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 04-0103: Accept work performed under Contract No. CW-344 Trailer Truck Weighing Scale, for a total contract amount of $145,280; approve Modification No. 4 for a time extension of 21 consecutive calendar days and a total contract duration of 151 consecutive calendar days; and authorize final payment of $14,502.80 to Schram Construction, Inc.

PROFESSIONAL SERVICE CONTRACTS

Amend

31. Discussion and possible action related to Agreement No. CS-743, Specialized Engineering Services.

Moved by Vice President Costello, seconded by Commissioner Werbach, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 04-0104: Approve Amendment No. 1 to Agreement No. CS-743, Specialized Engineering Services During Construction, with Kennedy/Jenks Consultants, for continued support services during the remaining portion of the closeout phase of Project CUH703 – Priest Reservoir Bypass, and authorize the Acting General Manager of Public Utilities to execute this amendment, increasing

the agreement by $30,000, for a total agreement amount of $440,500, and with a time extension of 7 months, for a total agreement duration of 17 months.

REGULAR CALENDAR, CONT.:

26. Discussion and possible action related to a Memorandum of Understanding with North Coast County Water District for a service connection.

Moved by President Normandy, seconded by Commissioner Caen, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 04-0105: Authorize the Acting General Manager of Public Utilities to execute a Memorandum of Understanding with the North Coast County Water District for the Construction of a Service Connection Between North Coast County Water District and Sharp Park Golf Course, a San Francisco Recreation & Park Department facility located in the City of Pacifica.

LEASES AND PERMITS

27. Discussion and possible action related to a Revocable Permit with the Midpeninsula Regional Open Space District.

Moved by Commissioner Caen, seconded by Commissioner Werbach, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 04-0106: Authorize the Acting General Manager of Public Utilities to execute a Revocable Permit to the Midpeninsula Regional Open Space District to utilize a portion of SFPUC land as a public pedestrian/bicycle/equestrian dirt trail corridor.

REGULAR CALENDAR, CONT.:

24. Discussion and possible action related to initiation of a five-year energy efficiency plan with various City departments. (Continued from the meeting of June 8, 2004.)

Moved by President Normandy, seconded by Commissioner Werbach, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 04-0107: Authorize the SFPUC to initiate five-year energy efficiency plans and department-wide energy programs with several large City departments to create a partnership with each department, establish aggressive energy efficiency goals, develop a plan for achieving those goals, and assemble the resources to implement that plan. (The purpose of the plan is to act on both Mayor Newsom's "Clean Energy Clean Air" commitment, and on the Electricity Resource Plan's policy to reduce local air pollution and greenhouse gas emissions while improving electricity reliability.)

25. Discussion and possible action related to the Climate Action Plan.

Mr. Ed Smeloff, Assistant General Manager of Power Policy, Planning and Resource Development, presented the item and asked the Commission for its endorsement of the goals of the plan.

Public Comment:

Ms. Melissa Royale commended the City and the staff of SFPUC and Department of the Environment for putting together this action plan. She stated this was part of a larger effort of Cities for Climate Protection that had 145 participants in the U.S. and 570 worldwide.

Ms. Mary Jung was excused at 5:15 P.M.

Resolution No. 04-0108: Request the SFPUC endorse the goals of the Climate Action Plan, reaffirming SFPUC's ongoing commitment to supporting energy efficiency and renewable energy.

President Normandy turned the gavel over to Vice President Costello to chair the remainder of the meeting. He was excused at 5:24 P.M.

ORDER OF BUSINESS, CONT.:

20. e) SFGTV Broadcasting Report

Ms. Davis informed the Commission that the cost of using SFGTV station would be $35,000. Commissioner Caen stated that she still had concerns regarding this item. Vice President Costello asked if this could be discussed at the next Commission meeting when all Commissioners could be in attendance, and seeing consensus from the others, continued it to the next meeting.

f) Infrastructure Division Progress Report

1) Capital Improvement Program Update

2) Capital Improvement Program Schedule (Continued from the meeting of May 11, 2004.)

3) Response to Public Inquiries Regarding Capital Improvement Program (Continued from the meeting of May 11, 2004.)

Mr. Harlan Kelly, Jr., Assistant General Manager of Infrastructure, stated he wanted to work with the Commissioners on some of the CIP processes. Commissioner Werbach asked for a Special Meeting focused solely on the CIP and policy.

22. Public Comments on matters not on today's agenda.

There were none.

There being no further business to discuss, the meeting was adjourned at 5:41 P.M.

Mary Y. Jung
Secretary

Learn more about related Organizations at SFPUC:
Commission

For Questions about this item, please contact us.

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SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Gavin Newsom
MAYOR

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AGENDA

REGULAR MEETING

July 13, 2004
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable E. Dennis Normandy, President
The Honorable Robert J. Costello, Vice President
The Honorable Ann Moller Caen
The Honorable Adam Werbach
The Honorable Ryan L. Brooks

DEPARTMENTS
Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

BUREAUS
Customer Services
Environmental Regulation & Management
Financial Services
Human Resource Services
Information Technology Services
Infrastructure Division
Real Estate Services
Strategic & Systems Planning
Water Quality

Cheryl K. Davis
ACTING GENERAL MANAGER

Mary Y. Jung
SECRETARY

Disability Access

The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #47 Van Ness, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Mary Y. Jung at (415) 554-3165 or our TTY at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

Know your rights under the Sunshine Ordinance
(Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Donna Hall, Clerk, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: Donna.Hall@sfgov.org. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code §2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300; fax (415) 581-2317; web site at www.sfgov.org/ethics.

ORDER OF BUSINESS:

1. Call to Order

2. Roll Call

3. Approval of Minutes

   a) Minutes of the February 12, 2004 Special Meeting (Continued from the meeting of June 22, 2004.)

   b) Minutes of the April 13, 2004 Regular Meeting

   c) Minutes of the April 27, 2004 Regular Meeting

4. Communications

5. Old/Ongoing Business by Commissioners

6. Introduction of New Business by Commissioners

7. Report of the General Manager

   a) CIP Update (Kelly)

   b) Financial Update (Mariani)

   c) SFPUC & The Nature Conservancy: Potential Collaboration for Acquisition of Critical Watershed Lands (Naras)

   d) Treasure Island Infrastructure Report (Labonte)

   e) Southeast Community Issues Report (Davis)

8. Public Comments

   Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 11th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-3424.

CONSENT CALENDAR

9. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

a) Staff Recommendation: Award Contract No. WD-2433, 42-Inch Ductile Iron Transmission Main Replacement in Bowdoin and Bacon Streets, in the amount of $1,374,000, to JMB Construction.

b) Staff Recommendation: Award Agreement No. CS-754, Bay Division Pipeline Hydraulic Capacity Upgrade Project Environmental Analysis Services, a professional services agreement, to Entrix/Ward JV, and authorize the Acting General Manager of Public Utilities to execute said agreement for an amount not to exceed $2,500,000 and with a duration of 1,461 calendar days.

c) Staff Recommendation: Accept work performed for Contract No. WP-24 Red Mountain Bar Bypass Valve & Generator Building, for a total contract amount of $300,388.49, and authorize final payment of $16,947.25, to Mitchell Engineering.

REGULAR BUSINESS

10. Discussion and possible action related to a Design-Build Agreement for ten solar electric systems. (Continued from the meeting of June 8, 2004.) (Smeloff)

    Staff Recommendation: Authorize the Acting General Manager of Public Utilities to issue a request for proposals for a Design-Build Agreement for the turnkey design and construction of ten 2.5-kilowatt solar electric systems on up to ten public buildings, such as schools, libraries and medical clinics and notify the Board of Supervisors. This is the third installation in the City's Municipal Solar Energy Program. Funds for this $250,000 installation project are budgeted in a capital project under the Mayor's Energy Conservation Account.

11. Discussion and possible action related to Design-Build Agreement at Pier 96. (Smeloff)

    Staff Recommendation: Authorize the Acting General Manager of Public Utilities to issue a request for proposals for a Design-Build Agreement to construct a 300-kilowatt solar electric system on the south-facing awning at Pier 96 and to sell the electricity to Norcal Recyclable Sorting Facility at Pier 96. The Acting General Manager will also be authorized to negotiate with the San Francisco Port for use of the south-facing awning and negotiate with Norcal Sanitary Services at an electrical rate that would reimburse the City for its costs in installing the solar electric system.

12. Discussion and possible action related to a School Education and Outreach Program on Energy Efficiency and Renewable Energy through elementary and middle schools. (Smeloff)

    Staff Recommendation: Authorize the Acting General Manager of Public Utilities to issue a request for proposals for a Public Education Outreach Program on Energy Efficiency and Renewable Energy for elementary and middle school students as part of the SFPUC's Generation Solar Program. This request for proposals will provide outreach to students in public and private elementary and middle schools through 30 assembly programs.

13. Discussion and possible action related to recouping the costs of the refrigerator replacement program at the San Francisco Housing Authority. (Smeloff)

Staff Recommendation: Authorize the Acting General Manager of Public Utilities, on behalf of Hetch Hetchy Water & Power (HHWP), to effectuate on July 1, 2004 a $0.0075 per kilowatt-hour electric rate increase to all San Francisco Housing Authority (SFHA) residential developments for a duration not to exceed 60 months. HHWP agrees to not bill this increase as a separate line item on the SFHA billings. The amount collected over the duration of this agreement from the SFHA will be used to reimburse the Mayor's Energy Conservation Account (MECA) for the full amount of the 2,000 refrigerators, which is $852,810. The Acting General Manager may adjust this rate increase to ensure that the SFHA reimburses MECA exactly $852,810. After duration of this agreement, the electric charge per kWh will return to the then current and existing rate.

14. Discussion and possible action related to water service and water wheeling agreement for Sharp Park Golf Course Irrigation. (Carlin)

Staff Recommendation: Authorize the Acting General Manager of Public Utilities to execute the Water Service and Water Wheeling Agreement for Sharp Park Golf Course Irrigation between North Coast County Water District and the City and County of San Francisco, acting by and through its Recreation and Park Department and its Public Utilities Commission.

CONSTRUCTION CONTRACTS

Award

15. Discussion and possible action related to Contract No. WD-2398R, Merced Manor Reservoir Upgrade. (Toloui)

Staff Recommendation: Award Contract No. WD-2398R, in the amount of $5,488,051, to Proven Management, Inc.

Amend

16. Discussion and possible action related to Contract No. WD-2407, McLaren Park Tank Outlet Modification and 24-Inch Ductile Iron Pipe from McLaren Park Tank to McLaren Pump Station. (Fung)

    Staff Recommendation: Approve Modification No.1 to Contract No. WD-2407, for a time extension of 84 days, and a total contract duration of 344 days.

PROFESSIONAL SERVICE CONTRACTS

Amend

17. Discussion and possible action related to Agreement No. CS-520, Southeast Cogeneration Facility Design. (Stepp)

    Staff Recommendation: Approve Final Contract Modification to Design Build Agreement No. CS-520, with Stewart & Stevenson Inc., and authorize the Acting General Manager of Public Utilities to execute this Final Contract Modification which documents the actual substantial and final completion dates, decreases the contract obligation by $189,050, and reduces the final total Contract amount to $2,992,692.47; accept work performed for Design Build Agreement No. CS-520, Southeast Cogeneration Facility Design, and authorize final payment, of the balance due in the amount of $492,658.07, to Stewart & Stevenson Inc.

18. Discussion and possible action related to Agreement No. CS-672-B, Alameda Watershed Habitat Conservation Plan. (Medbery)

    Staff Recommendation: Approve Amendment No. 1 to Agreement No. CS-672B, with the Jones and Stokes/Robert Group Joint Venture (JSR), to allow JSR to seek overall wetland permits from federal and state agencies for future SFPUC operations and maintenance activities in the Alameda watershed; and authorize the Acting General Manager of Public Utilities to execute this amendment, increasing the agreement by $185,000, without a time extension, for a revised total agreement amount of $1,085,000.

19. Discussion and possible action related to Agreement No. CS-701, Hetch Hetchy Microwave Replacement. (Cael)

Staff Recommendation: Approve Amendment No. 1 to Agreement No. CS-701, Timberline Engineering, Inc., for additional detailed design of the communication system for Hetch Hetchy facilities to include recommendations from the Planning and Study Phase of the project, and authorize the Acting General Manager of Public Utilities to execute this amendment, which increases the agreement by $750,000, for a total agreement amount of $1,300,000, and with a time extension of 2 years, for a total agreement duration of 5 years.

CLOSED SESSION

20. Public comments on matters to be discussed in Closed Session.

21. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

22. Threat to Public Services or Facilities (Government Code Section 54957): (Clayton)

Consultation with: Sheriff Hennessey concerning security of SFPUC Water and Power Systems.

23. Conference with legal counsel pursuant to Government Code Section 54956.9 and Administrative code section 67.8. (Clayton)

Anticipated litigation: As plaintiff. Approximately 5 cases. Unspecified to protect service of process.

24. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8: (Milstein)

Property: City of South San Francisco, at the corner of El Camino Real and Chestnut Ave., approximately 8+ acres.
Parties Negotiating: Dowd/Lymburn
City of South San Francisco
Under Negotiation: Terms and conditions

25. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8: (Milstein)

Property:	City of Mt. View, running between Whisman Rd., approximately 7 acres adjacent to pipeline r/w.
Parties Negotiating:	Dowd/Lymburn
Under Negotiation:	Terms and conditions

26. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Sandler)

Existing Litigation:	Gibson Environmental Site, Bakersfield, CA

27. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Clayton)

Existing Litigation:	Ruth L. Sempell; Claim No. 04-03802.

28. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Clayton)

Existing Litigation:	Constance Ong v. City and County of San Francisco; San Francisco Superior Court No. 420-576.

29. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Clayton)

Existing Litigation:	Young S. Ahn v. City and County of San Francisco; Unlitigated Claim No. 04-02903.

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN PUBLIC SESSION.

30. Announcement following Closed Session.

31. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT

City and County of San Francisco
Public Utilities Commission
1155 Market Street, 11th Floor
San Francisco, CA 94103

7/13/04 Minutes SFPUC Commission 11/02/2004

Gavin Newsom
MAYOR

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MINUTES

July 13, 2004
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable E. Dennis Normandy, President
The Honorable Robert J. Costello, Vice President
The Honorable Ann Moller Caen
The Honorable Adam Werbach
The Honorable Ryan L. Brooks

DEPARTMENTS	BUREAUS
Water Department	Customer Service
City Distribution Division	Environmental Regulation & Managemer
Water Supply & Treatment	
Hetch Hetchy Water & Power	Financial Services
Clean Water Program	Human Resource Services
Water Pollution Control	Information Technology Services
	Infrastructure Division
	Real Estate Services
	Strategic & Systems Planning
	Water Quality

Cheryl K. Davis
ACTING GENERAL MANAGER

Mary Y. Jung
SECRETARY

Disability Access

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station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #47 Van Ness, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

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ORDER OF BUSINESS:

1. Call to Order: 1:37 P.M.

2. Roll Call: Present – President E. Dennis Normandy, Vice President Robert J. Costello, Commissioner Ann Moller Caen, Commissioner Adam Werbach, Commissioner Ryan L. Brooks

3. Approval of Minutes

Moved by Vice President Costello, seconded by Commissioner Brooks, to adopt the Minutes of the February 12, 2004 Special Meeting, the April 13, 2004 Regular Meeting, and the April 27, 2004 Regular Meeting; passed (5-0) unanimously.

8. Public Comments on matters not on today's agenda.

Mr. Francisco Da Costa, Environmental Justice Advocacy, asked SFPUC to use gray water for sewer service, not Hetch Hetchy water.

Ms. Espanola Jackson, Bay View Hunters Point resident, asked about the purpose of the Southeast Facilities Commission and what happened to the money promised decades ago to help the Southeast community.

Mr. Edmund Jew, Sewer Water Efficiency Affordability Program, questioned the salary of the new General Manager and other staff salary increases.

Questions were raised among the Commissioners about how salaries are determined in the Civil Service System and the hiring process for the General Manager. President Normandy replied with a detailed explanation of the hiring process.

Mr. Isaac Wang, District 7 Supervisorial candidate, spoke against raising future rates until inefficiency in the department was addressed.

Mr. Jimmy Kwok, Chinatown resident, stated people are tired of big government and wanted good government.

Mr. Roland Sheppard, San Francisco resident, stated he disagreed with the contents of a letter Ms. Cheryl Davis, Acting General Manager of Public Utilities, recently wrote regarding problems in the Southeast area of the City and had questions regarding employee rights and the 9916 program.

Mr. James Somers, Friends of Marsh Road, inquired about an encroachment permit and illegal gates leading to the Calaveras Reservoir.

President Normandy asked Ms. Davis to address Mr. Sheppard's charges.

Ms. Vicki Clayton, Deputy City Attorney, stated Mr. Somers' questions can be answered in Closed Session since it is a legal matter. President Normandy directed the General Manager to report on this at the next meeting.

Mr. Kevin Black, San Francisco resident, implored the Commission to address racism in the workplace.

4. Communications

No action taken.

5. Old/Ongoing Business by Commissioners

Commissioner Werbach asked Ms. Davis and Mr. Michael Carlin, Manager of Strategic Systems and Planning, for an agency sustainability plan that would fit into the CIP and general operations.

6. Introduction of New Business by Commissioners

Commissioner Brooks asked for a revision of the meeting schedule for July and August because of several anticipated absences at the end of July. The July 27th meeting was thereby cancelled.

Commissioner Werbach explained Supervisor Tom Ammiano placed an item in the budget for the SFPUC to conduct a study of municipal broadband possibilities and expressed interest in working on this. President Normandy asked the Commissioners for their approval for Commissioner Werbach to move forward with this.

Commissioner Werbach asked when cablecasting Commission meetings will be brought before the Commission. Ms. Davis replied

there was a memo in the Commission packages regarding this and President Normandy asked the Commission Secretary to compile all the documents and bring it before the full Commission the first meeting in August and to have that meeting broadcast.

7. Report of the General Manager

The General Manager's Report was taken out of order, staring with Item 7(e).

e) Southeast Community Issues Report

Ms. Davis expressed her thanks to the Southeast community members who had come to SFPUC meetings to address their concerns regarding environmental justice issues and individual disciplinary matters. She stated progress had been made on the flooding problem and was interested in moving the Clean Water Master Plan to a faster track to address their issues.

Commissioner Brooks asked when organizational change would begin happening. Ms. Davis responded within 30 days.

a) CIP Update

Mr. Harlan Kelly, Assistant General Manager of Infrastructure, introduced the new staff in the Capital Improvement Program (CIP) and explained how they fit into the CIP organization. He also displayed a schedule of the projects in the CIP and adjustments that had been made.

Mr. Art Jensen, General Manager of Bay Area Water Supply & Conservation Agency, explained the requirements of AB 1823 and the State Water Code.

A discussion followed between the Commissioners, Mr. Jensen and Mr. Kelly regarding the changes in the CIP and the Programmatic Environmental Impact Review.

a) Financial Update

Ms. Jean Mariani, Acting Assistant General Manager of Business Services, reported on the actions of the Board of Supervisors (BOS) in regard to the Fiscal Year 2004-2005 Budget. She announced the BOS passed the budget on first reading, but the Board's Budget Analyst recommended $9.7 million in budget cuts at the SFPUC and then reallocated most of it. Ms. Mariani explained she would be coming back before the Commission with the final requests from the Mayor's Office to be voted upon at a later date.

President Normandy asked Ms. Clayton for a memorandum on

former Supervisor Leland Yee's legislation clarifying the use of surplus funds.

Commissioner Werbach asked about the funds from the sale of a piece of MUNI right-of-way property. Ms. Mariani replied the Board was proposing action to take the property away, but was unaware of the status of this. Ms. Davis agreed to have staff return with a full report on this at a later date.

c) SFPUC & The Nature Conservancy: Potential Collaboration for Acquisition of Critical Watershed Lands

Mr. Joe Naras, Watershed Resources Manager from the Water Supply and Treatment Division, reported SFPUC is working with the Nature Conservancy to protect the source of water in the Alameda Watershed.

Commissioner Werbach agreed wholeheartedly with the environmental approach and asked if it was possible to have a quarterly or monthly forum with similar agencies around this topic. President Normandy asked staff to incorporate into the watershed plans the ability to further protect the watersheds through increasing some of the protections and buffer zones around them.

Public Comment:

Ms. Jenna Olsen, Tuolumne River Trust, reminded the Commissioners that she had presented a letter in November asking for changes in the goals of the CIP and the General Manager's Office had not yet responded. She suggested that in creating a sustainability plan for the CIP, it be enlarged to include the entire SFPUC. She also asked that we expand our land acquisition efforts to include the Tuolumne Watershed.

Commissioner Werbach replied to her November letter and stated there were two parallel processes: (1) review of the goals and objectives of the Environmental Impact Review and (2) review the sustainability plan. He agreed the goals should be brought back to the Commission as a consensus document.

d) Treasure Island Infrastructure Report

Ms. Julie Labonte, Manager of Infrastructure Development, reported the City is currently undertaking master plan efforts to redevelop Treasure Island and Yerba Buena Island (TIYBI) and had been providing technical assistance to the Treasure Island Development Authority (TIDA) to support various planning activities. SFPUC's main role revolved around operation and maintenance of the TIYBI utility system, which included potable water, wastewater, storm water, electrical and natural gas systems. Ms. LaBonte presented

the findings of a nine-month study completed with the assistance of Raines, Melton, and Carrera, a consulting firm. The study concluded there was a tremendous amount of financial risks and the facilities are rated substandard.

President Normandy remarked these issues should have been brought forward a long time ago and that TIDA needs to pay their fair share for utilities.

The Commission took a recess at 4:32 P.M. and reconvened at 4:45 P.M.

CONSENT CALENDAR

9. Moved by Commissioner Caen, seconded by Commissioner Brooks, to adopt the items (a-c) listed under the Consent Calendar; passed (5-0) unanimously.

a) Resolution No. 04-0109: Award Contract No. WD-2433, 42-Inch Ductile Iron Transmission Main Replacement in Bowdoin and Bacon Streets, in the amount of $1,374,000, to JMB Construction.

b) Resolution No. 04-0110: Award Agreement No. CS-754, Bay Division Pipeline Hydraulic Capacity Upgrade Project Environmental Analysis Services, a professional services agreement, to Entrix/Ward JV, and authorize the Acting General Manager of Public Utilities to execute said agreement for an amount not to exceed $2,500,000 and with a duration of 1,461 calendar days.

c) Resolution No. 04-0111: Accept work performed for Contract No. WP-24 Red Mountain Bar Bypass Valve & Generator Building, for a total contract amount of $300,388.49, and authorize final payment of $16,947.25, to Mitchell Engineering.

REGULAR BUSINESS

10. Discussion and possible action related to a Design-Build Agreement for ten solar electric systems. (Continued from the meeting of June 8, 2004.)

Public Comment:

Mr. David Hochschild, Vote Solar, reported the solar work being done in San Francisco is inspiring a lot of progress in other cities.

Moved by Commissioner Werbach, seconded by Vice President Costello, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 04-0112: Authorize the Acting General Manager of Public Utilities to issue a request for proposals for a Design-Build Agreement for the turnkey design and construction of ten 2.5-kilowatt solar electric systems on up to ten public buildings, such as schools, libraries and medical clinics and notify the Board of Supervisors. This is the third installation in the City's Municipal Solar Energy Program. Funds for this $250,000 installation project are budgeted in a capital project under the Mayor's Energy Conservation Account.

11. Discussion and possible action related to Design-Build Agreement at Pier 96.

Public Comment:

Mr. Brad Droa, Recycle Center, stated his approval of the item.

Moved by Commissioner Vice President Costello, seconded by Commissioner Caen, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 04-0113: Authorize the Acting General Manager of Public Utilities to issue a request for proposals for a Design-Build Agreement to construct a 300-kilowatt solar electric system on the south-facing awning at Pier 96 and to sell the electricity to Norcal Recyclable Sorting Facility at Pier 96. The Acting General Manager will also be authorized to negotiate with the San Francisco Port for use of the south-facing awning and negotiate with Norcal Sanitary Services at an electrical rate that would reimburse the City for its costs in installing the solar electric system.

12. Discussion and possible action related to a School Education and Outreach Program on Energy Efficiency and Renewable Energy through elementary and middle schools.

Moved by Commissioner Werbach, seconded by Vice President Costello, to adopt the following resolution; passed (5-0) unanimously.

Resolution 04-0114: Authorize the Acting General Manager of Public Utilities to issue a request for proposals for a Public Education Outreach Program on Energy Efficiency and Renewable Energy for elementary and middle school students as part of the SFPUC's Generation Solar Program. This request for proposals will provide outreach to students in public and private elementary and middle schools through 30 assembly programs.

13. Discussion and possible action related to recouping the costs of the refrigerator replacement program at the San Francisco Housing Authority.

Moved by Commissioner Werbach, seconded by Commissioner Brooks, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 04-0115: Authorize the Acting General Manager of Public Utilities, on behalf of Hetch Hetchy Water & Power (HHWP), to effectuate on July 1, 2004 a $0.0075 per kilowatt-hour electric rate increase to all San Francisco Housing Authority (SFHA) residential developments for a duration not to exceed 60 months. HHWP agrees to not bill this increase as a separate line item on the SFHA billings. The amount collected over the duration of this agreement from the SFHA will be used to reimburse the Mayor's Energy Conservation Account (MECA) for the full amount of the 2,000 refrigerators, which is $852,810. The Acting General Manager may adjust this rate increase to ensure that the SFHA reimburses MECA exactly $852,810. After duration of this agreement, the electric charge per kWh will return to the then current and existing rate.

14. Discussion and possible action related to water service and water wheeling agreement for Sharp Park Golf Course Irrigation.

Moved by Commissioner Werbach, seconded by Commissioner Caen, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 04-0016: Authorize the Acting General Manager of Public Utilities to execute the Water Service and Water Wheeling Agreement for Sharp Park Golf Course Irrigation between North Coast County Water District and the City and County of San Francisco, acting by and through its Recreation and Park Department and its Public Utilities Commission.

CONSTRUCTION CONTRACTS

Award

15. Discussion and possible action related to Contract No. WD-2398R, Merced Manor Reservoir Upgrade.

Mr. Zaid Toui, Project Manager, reviewed the history of the project, noting this is a rebid. The recommendation to award the contract to Proven Management is being protested.

Public Comment:

Mr. Mike Silva, Mitchell Engineering, stated he is protesting the award to Proven Management because their subcontractor, F.D. Thomas, is not qualified.

Ms. Jodi Benti, Lotus General Contractors, asked the Commission to reconsider awarding the contract to Proven and to award it to Mitchell Engineering instead.

Mr. Lee Woolsey, Lotus General Contractors, protested the award to Proven Management citing lack of experience with the carbon-fiber materials to be used on the project.

Mr. Charles Schembri, Proven Management, replied to the issues raised by the previous speakers.

Moved by Vice President Costello, seconded by Commissioner Brooks, to continue Item 15 to the next Commission meeting scheduled on July 21, 2004; passed (5-0) unanimously.

Staff Recommendation: Award Contract No. WD-2398R, in the amount of $5,488,051, to Proven Management, Inc.

President Normandy announced that due to the time limits on the use of the meeting room, not all the items on the agenda could be heard on this date and asked for a special meeting the following week to complete the agenda. The Commissioners concurred and direction was given to the Commission Secretary to set up a Special Meeting the following week.

Amend

16. Discussion and possible action related to Contract No. WD-2407, McLaren Park Tank Outlet Modification and 24-Inch Ductile Iron Pipe from McLaren Park Tank to McLaren Pump Station.

Moved by President Normandy, seconded by Commissioner Werbach, to continue Item 16 to the next Commission meeting scheduled on July 21, 2004; passed (5-0) unanimously.

Staff Recommendation: Approve Modification No.1 to Contract No. WD-2407, for a time extension of 84 days, and a total contract duration of 344 days.

PROFESSIONAL SERVICE CONTRACTS

Amend

17. Discussion and possible action related to Agreement No. CS-520, Southeast Cogeneration Facility Design.

Moved by President Normandy, seconded by Commissioner Werbach, to continue Item 17 to the next Commission meeting scheduled on July 21, 2004; passed (5-0) unanimously.

Staff Recommendation: Approve Final Contract Modification to Design Build Agreement No. CS-520, with Stewart & Stevenson Inc., and authorize the Acting General Manager of Public Utilities to execute this Final Contract Modification which documents the actual

substantial and final completion dates, decreases the contract obligation by $189,050, and reduces the final total Contract amount to $2,992,692.47; accept work performed for Design Build Agreement No. CS-520, Southeast Cogeneration Facility Design, and authorize final payment, of the balance due in the amount of $492,658.07, to Stewart & Stevenson Inc.

18. Discussion and possible action related to Agreement No. CS-672-B, Alameda Watershed Habitat Conservation Plan.

Moved by President Normandy, seconded by Vice President Costello, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 04-0117: Approve Amendment No. 1 to Agreement No. CS-672B, with the Jones and Stokes/Robert Group Joint Venture (JSR), to allow JSR to seek overall wetland permits from federal and state agencies for future SFPUC operations and maintenance activities in the Alameda watershed; and authorize the Acting General Manager of Public Utilities to execute this amendment, increasing the agreement by $185,000, without a time extension, for a revised total agreement amount of $1,085,000.

19. Discussion and possible action related to Agreement No. CS-701, Hetch Hetchy Microwave Replacement.

Moved by Commissioner Werbach, seconded by Vice President Costello, to continue Item 19 to the next Commission meeting scheduled on July 21, 2004; passed (5-0) unanimously.

Staff Recommendation: Approve Amendment No. 1 to Agreement No. CS-701, Timberline Engineering, Inc., for additional detailed design of the communication system for Hetch Hetchy facilities to include recommendations from the Planning and Study Phase of the project, and authorize the Acting General Manager of Public Utilities to execute this amendment, which increases the agreement by $750,000, for a total agreement amount of $1,300,000, and with a time extension of 2 years, for a total agreement duration of 5 years.

CLOSED SESSION

20. Public comments on matters to be discussed in Closed Session.

There were none.

21. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

Moved by Vice President Costello, seconded by Commissioner Werbach, to assert the attorney-client privilege; passed (5-0)

unanimously.

The Public Utilities Commission met in Closed Session at 5:24 P.M. to discuss Item 26.

Moved by Commissioner Brooks, seconded by Commissioner Werbach, to continue Items 22, 23, 24, 25, 27, 28, and 29 to the next Commission meeting scheduled on July 21, 2004; passed (5-0) unanimously.

22. Threat to Public Services or Facilities (Government Code Section 54957): (Clayton)

Consultation with: Sheriff Hennessey concerning security of SFPUC Water and Power Systems.

23. Conference with legal counsel pursuant to Government Code Section 54956.9 and Administrative code section 67.8. (Clayton)

Anticipated litigation: As plaintiff. Approximately 5 cases. Unspecified to protect service of process.

24. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8: (Milstein)

Property: City of South San Francisco, at the corner of El Camino Real and Chestnut Ave., approximately 8+ acres.
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27. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Clayton)

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Existing Litigation: Young S. Ahn v. City and County of San Francisco;
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26. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Sandler)

Present were President Normandy, Vice President Costello, Commissioner Caen, Commissioner Werbach, Commissioner Brooks, SFPUC Acting General Manager Cheryl K. Davis, SFPUC Legal Counsel Vicki Clayton, and Commission Secretary Mary Y. Jung.

Existing Litigation: Gibson Environmental Site, Bakersfield, CA

Resolution No. 04-0118

Following the Closed Session, the Commission reconvened in open session at 5:25 P.M.

30. Announcement following Closed Session.

President Normandy announced the actions taken during Closed Session.

31. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Vice President Costello, seconded by Commissioner Brooks, not to disclose the discussions during Closed Session; passed (5-0) unanimously.

There being no further business to discuss, the meeting was adjourned at 5:26 P.M.

Mary Y. Jung
Secretary

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Commission

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SFPUC

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CITY AND COUNTY OF SAN FRANCISCO

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Gavin Newsom
MAYOR

AGENDA

SPECIAL MEETING

Wednesday, July 21, 2004
1:30 P.M.
City Hall, Room 408
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable E. Dennis Normandy, President
The Honorable Robert J. Costello, Vice President
The Honorable Ann Moller Caen
The Honorable Adam Werbach
The Honorable Ryan L. Brooks

DEPARTMENTS
Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

BUREAUS
Customer Services
Environmental Regulation & Management
Financial Services
Human Resource Services
Information Technology Services
Infrastructure Division
Real Estate Services
Strategic & Systems Planning
Water Quality

Cheryl K. Davis
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ORDER OF BUSINESS:

1. Call to Order

2. Roll Call

3. Public Comments

   Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 11th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-3424.

CONSENT CALENDAR

4. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

   a) Staff Recommendation: Award Contract No. CW-376R, Sewer Cleaning – 17th Street, Treat Avenue and Harrison Street Sewers, in the amount of $458,500, to Proven Management.

   b) Staff Recommendation: Award Contract No. CW-382, Russia Avenue Sewer Replacement, in the amount of $237,840, to Harty Pipelines, Inc.

   c) Staff Recommendation: Award Contract No. WD-2413, Sunol Valley Fluoridation Facility, in the amount of $2,400,721, to Shimmick/NCCL JV.

d) Staff Recommendation: Accept work performed for Contract No. CW-291, 19th/Castro/Eureka Streets Sewer Replacement; approve Modification No. 1 (Final) decreasing the contract by $78,741.00, for a total contract amount of $348,919.00, and authorize final payment of $50,011.90, to the contractor, Harty Pipelines, Inc.

e) Staff Recommendation: Rescind Resolution No. 04-0082 approved by the Commission on May 25, 2004 accepting work performed for Contract No. CW-330, Clean, De-root, Inspect, and Seal Easement Sewers Phase II for a total contract amount of $247,047; approving Modification No. 1 (Final) for a time extension of 35 consecutive calendar days for a total contract duration of 120 consecutive calendar days; and authorizing final payment of $23,850, to the contractor, JF Pacific Liner.

Accept work performed for Contract No. CW-330, Clean, De-root, Inspect, and Seal Easement Sewers Phase II for a total contract amount of $247,047; approve Modification No. 1 (Final) for a time extension of 35 consecutive calendar days for a total contract duration of 120 consecutive calendar days; and authorize final payment, in the amount of $24,704.68, to the contractor, JF Pacific Liner.

REGULAR BUSINESS

CONSTRUCTION CONTRACTS

Award

5. Discussion and possible action related to Contract No. WD-2398R, Merced Manor Reservoir Upgrade. (Continued from the meeting of July 13, 2004.) (Toloui)

Staff Recommendation: Award Contract No. WD-2398R, in the amount of $5,488,051, to Proven Management, Inc.

Amend

6. Discussion and possible action related to Contract No. WD-2407, McLaren Park Tank Outlet Modification and 24-Inch Ductile Iron Pipe from McLaren Park Tank to McLaren Pump Station. (Continued from the meeting of July 13, 2004.) (Fung)

   Staff Recommendation: Approve Modification No.1 to Contract No. WD-2407, for a time extension of 84 days, and a total contract duration of 344 days.

PROFESSIONAL SERVICE CONTRACTS

Amend

7. Discussion and possible action related to Agreement No. CS-520, Southeast Cogeneration Facility Design. (Continued from the meeting of July 13, 2004.) (Stepp)

   Staff Recommendation: Approve Final Contract Modification to Design Build Agreement No. CS-520, with Stewart & Stevenson Inc., and authorize the Acting General Manager of Public Utilities to execute this Final Contract Modification which documents the actual substantial and final completion dates, decreases the contract obligation by $189,050, and reduces the final total Contract amount to $2,992,692.47; accept work performed for Design Build Agreement No. CS-520, Southeast Cogeneration Facility Design, and authorize final payment, of the balance due in the amount of $492,658.07, to Stewart & Stevenson Inc.

8. Discussion and possible action related to Agreement No. CS-701, Hetch Hetchy Microwave Replacement. (Continued from the meeting of July 13, 2004.) (Cael)

   Staff Recommendation: Approve Amendment No. 1 to Agreement No. CS-701, Timberline Engineering, Inc., for additional detailed design of the communication system for Hetch Hetchy facilities to include recommendations from the Planning and Study Phase of the project, and authorize the Acting General Manager of Public Utilities to execute this amendment, which increases the agreement by $750,000, for a total agreement amount of $1,300,000, and with a time extension of 2 years, for a total agreement duration of 5 years.

9. Discussion and possible action related to an amendment to the Memorandum of Understanding with the North Coast County Water District for Environmental Consulting Services for the Sharp Park Recycled Water Project. (Carlin)

Staff Recommendation: Authorize the Acting General Manager of Public Utilities to execute the First Amendment to the Memorandum of Understanding with the North Coast County Water District for Environmental Consulting Services for the Sharp Park Recycled Water Project.

CLOSED SESSION

10. Public comments on matters to be discussed in Closed Session.

11. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

12. Threat to Public Services or Facilities (Government Code Section 54957): (Clayton) (Continued from the meeting of July 13, 2004.)

Consultation with: Sheriff Hennessey concerning security of SFPUC Water and Power Systems.

13. Conference with legal counsel pursuant to Government Code Section 54956.9 and Administrative code section 67.8. (Clayton) (Continued from the meeting of July 13, 2004.)

Anticipated litigation: As plaintiff. Approximately 5 cases. Unspecified to protect service of process.

14. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8: (Milstein) (Continued from the meeting of July 13, 2004.)

Property:	City of South San Francisco, at the corner of El Camino Real and Chestnut Ave., approximately 8+ acres.
Parties Negotiating:	Dowd/Lymburn City of South San Francisco
Under Negotiation:	Terms and conditions

15. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8: (Milstein) (Continued from the meeting of July 13, 2004.)

Property:	City of Mt. View, running between Whisman Rd., approximately 7 acres adjacent to pipeline r/w.
Parties Negotiating:	Dowd/Lymburn
Under Negotiation:	Terms and conditions

16. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Clayton) (Continued from the meeting of July 13, 2004.)

Existing Litigation:	Ruth L. Sempell; Claim No. 04-03802.

17. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Clayton) (Continued from the meeting of July 13, 2004.)

Existing Litigation:	Constance Ong v. City and County of San Francisco; San Francisco Superior Court No. 420-576.

18. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Clayton) (Continued from the meeting of July 13, 2004.)

Existing Litigation:	Young S. Ahn v. City and County of San Francisco; Unlitigated Claim No. 04-02903.

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN PUBLIC SESSION.

19. Announcement following Closed Session.

20. Motion regarding whether to disclose the discussions during Closed Session.

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MINUTES

Wednesday July 21, 2004
1:30 P.M.
City Hall, Room 408
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable E. Dennis Normandy, President
The Honorable Robert J. Costello, Vice President
The Honorable Ann Moller Caen
The Honorable Adam Werbach
The Honorable Ryan L. Brooks

DEPARTMENTS	BUREAUS
Water Department	Customer Service
City Distribution Division	Environmental Regulation & Managemer
Water Supply & Treatment	
Hetch Hetchy Water & Power	Financial Services
Clean Water Program	Human Resource Services
Water Pollution Control	Information Technology Services
	Infrastructure Division
	Real Estate Services
	Strategic & Systems Planning
	Water Quality

Cheryl K. Davis
ACTING GENERAL MANAGER

Mary Y. Jung
SECRETARY

Disability Access

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station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #47 Van Ness, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Mary Y. Jung at (415) 554-3165 or our TTY at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

Know your rights under the Sunshine Ordinance
(Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Donna Hall, Clerk, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: Donna.Hall@sfgov.org. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code §2.100, et. seq] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at: 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300; fax (415) 581-2317; web site www.sfgov.org/ethics.

ORDER OF BUSINESS:

1. Call to Order: 1:36 P.M.

2. Roll Call: Present – President E. Dennis Normandy, Vice President Robert J. Costello, Commissioner Ann Moller Caen, Commissioner Adam Werbach, Commissioner Ryan L. Brooks

3. Public Comments on matters not on today's agenda.

Mr. Edward Jew, President Sewer Water Efficiency and Affordability Plan (SWEAP), stated he spoke at the last meeting about the compensation of the incoming General Manager and that he requested information on who was conducting the salary negotiation. He recommended the Commission take responsibility for how much the General Manager should be compensated, stating he thought Proposition E gave jurisdiction to the Commission to conduct the survey and stated SWEAP recommended they do so.

President Normandy requested SFPUC Human Resources prepare an analysis of compensation plans for general managers of utilities similar to SFPUC operations.

Commissioner Brooks asked the City Attorney if it was correct that the Charter set guidelines from which the Commission would set the salary of the new General Manager and what the process was for conducting the survey.

Mr. Donn Furman, Deputy City Attorney, stated it was correct and that he would have to look at the Charter and provisions and get back to the Commission on his findings on the process.

Commissioner Brooks stated it was a crucial step in directing staff to create a survey. He stated it would be prudent to have the criteria used by the Mayor's Office and the Controller before tasking staff to create another survey.

President Normandy responded that his request to staff was for

knowledge.

Vice President Costello stated it was important to consult the City Charter on the provisions as provided for guidelines and requested the City Attorney's Office do this.

President Normandy stated he thought it was important that the Commission have its own set of figures as SFPUC staff was in the industry and was in the best position to know industry pay structures.

Commissioner Werbach stated he thought two separate sets of figures/surveys were counterproductive. He suggested that staff review the figures that the Mayor's Office put forward and testify to their veracity and applicability, stating it would be appropriate for SFPUC Human Resources to do that. He stated he thought it was fair to ask what the Charter-mandated process was.

President Normandy stated it seemed the consensus was there was no need to do a survey until word had been received from the Mayor's Office. He stated this would result in a delay in a decision the Commission would make if more time was needed for staff to verify the validity of figures.

Commissioner Werbach suggested the Mayor's Office be told the Commission needed five days to review the survey before the contract was brought forward.

Ms. Cheryl K. Davis, Acting General Manager of Public Utilities, stated she would put in a request for the survey to be received early.

President Normandy took the agenda out of order calling Item 12 in Closed Session.

CLOSED SESSION

10. Public comments on matters to be discussed in Closed Session.

There were none.

11. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

Moved by Commissioner Brooks, seconded by Commissioner Werbach, to assert the attorney-client privilege; passed (5-0) unanimously.

The Public Utilities Commission met in Closed Session at 1:47 P.M. to discuss the following matters:

12. Threat to Public Services or Facilities (Government Code Section 54957): (Clayton) (Continued from the meeting of July 13, 2004.)

Present were President Normandy, Vice President Costello, Commissioner Caen, Commissioner Werbach, Commissioner Brooks, SFPUC Acting General Manager Cheryl K. Davis, SFPUC Legal Counsel Donn Furman, Commission Secretary Mary Y. Jung, Acting Assistant General Manager of Operations Andy DeGraca, Watershed Resources Manager Joe Naras, Acting Manager of Water Operations for Hetch Hetchy Don Larramendy, SFPUC Emergency Planning Coordinator John Rodgers, and Deputy Sheriff Vicki Hennessey.

Consultation with: Sheriff Hennessey concerning security of SFPUC Water and Power Systems.

No action was taken.

Following Item 12 in Closed Session, the Commission reconvened in open session at 2:37 P.M.

19. Announcement following Closed Session.

President Normandy announced the action taken during Closed Session.

CONSENT CALENDAR

4. Moved by Commissioner Caen, seconded by Commissioner Brooks, to adopt the items (a-e) listed under the Consent Calendar; passed (5-0) unanimously.

a) Resolution No. 04-0119: Award Contract No. CW-376R, Sewer Cleaning – 17th Street, Treat Avenue and Harrison Street Sewers, in the amount of $458,500, to Proven Management.

b) Resolution No. 04-0120: Award Contract No. CW-382, Russia Avenue Sewer Replacement, in the amount of $237,840, to Harty Pipelines, Inc.

c) Resolution No. 04-0121: Award Contract No. WD-2413, Sunol Valley Fluoridation Facility, in the amount of $2,400,721, to Shimmick/NCCL JV.

d) Resolution No. 04-0122: Accept work performed for Contract No. CW-291, 19th/Castro/Eureka Streets Sewer Replacement; approve

Modification No. 1 (Final) decreasing the contract by $78,741.00, for a total contract amount of $348,919.00, and authorize final payment of $50,011.90, to the contractor, Harty Pipelines, Inc.

e) Resolution No. 04-0123: Rescind Resolution No. 04-0082 approved by the Commission on May 25, 2004 accepting work performed for Contract No. CW-330, Clean, De-root, Inspect, and Seal Easement Sewers Phase II for a total contract amount of $247,047; approving Modification No. 1 (Final) for a time extension of 35 consecutive calendar days for a total contract duration of 120 consecutive calendar days; and authorizing final payment of $23,850, to the contractor, JF Pacific Liner.

Accept work performed for Contract No. CW-330, Clean, De-root, Inspect, and Seal Easement Sewers Phase II for a total contract amount of $247,047; approve Modification No. 1 (Final) for a time extension of 35 consecutive calendar days for a total contract duration of 120 consecutive calendar days; and authorize final payment, in the amount of $24,704.68, to the contractor, JF Pacific Liner.

REGULAR BUSINESS

CONSTRUCTION CONTRACTS

Award

5. Discussion and possible action related to Contract No. WD-2398R, Merced Manor Reservoir Upgrade. (Continued from the meeting of July 13, 2004.)

Mr. Howard Fung, Project Manager, recapped that three bids were received on April 29 and that the evaluation determined Proven was the lowest responsible and responsive bidder. He stated at the last meeting an issue was raised with Proven's subcontractor FD Thomas and that staff's review of the protest found Proven met all the specifications. He stated a memorandum summarizing the issue was distributed and staff was recommending the award be made to Proven. He stated there were consequences to delaying the award in that it would affect the completion of Central Pump Station which would impact the completion of the 1998 Bond A program and would delay the schedule of seismic retrofit of Sunset Reservoir.

Public Comment:

Mr. Mike Silva, Mitchell Engineering, repeated his concerns from the previous meeting that the subcontractor, F.D. Thomas, was not qualified according to the bid specifications.

Mr. Lee Woolsey, Lotus General Contractors, stated his Company

was well qualified to work with the materials described in the bid specifications and it was unclear if F.D. Thomas met the qualifications or not.

Ms. Jodi Bente, Lotus General Contractors, reiterated her company was an HRC certified contractor and thanked the Commissioners for listening to Mr. Woolsey's comments regarding the technical specifications.

Mr. Charles Schembri, Vice President of Proven Management, refuted the comments made by the previous speakers and reiterated Proven was the lowest bidder and that the recommendation was backed by SFPUC staff and the City Attorney.

Mr. Mike Mitchell, F.D. Thomas, stated their office is in Sacramento and money would not be leaving California if the bid goes to them. He described the experience they had with the materials being used.

Mr. Brian Rodrigues, R & W Contractors, introduced his firm as a minority subcontractor who was expecting to work on this project and planned on using local people from a diverse community.

Mr. Dan Thomas, President of F.D. Thomas, Inc., stated his firm was well qualified to carry out the project and availed himself for questions from the Commission.

Moved by Vice President Costello, seconded by President Normandy, to continue Item 5 to the next regular Commission meeting schedule on August 10, 2004; passed (5-0) unanimously.

Staff Recommendation: Award Contract No. WD-2398R, in the amount of $5,488,051, to Proven Management, Inc.

Amend

6. Discussion and possible action related to Contract No. WD-2407, McLaren Park Tank Outlet Modification and 24-Inch Ductile Iron Pipe from McLaren Park Tank to McLaren Pump Station. (Continued from the meeting of July 13, 2004.)

Moved by President Normandy, seconded by Commissioner Werbach, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 04-0124: Approve Modification No.1 to Contract No. WD-2407, for a time extension of 84 days, and a total contract duration of 344 days.

PROFESSIONAL SERVICE CONTRACTS

Amend

7. Discussion and possible action related to Agreement No. CS-520, Southeast Cogeneration Facility Design. (Continued from the meeting of July 13, 2004.)

Moved by Vice President Costello, seconded by Commissioner Caen, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 04-0125: Approve Final Contract Modification to Design Build Agreement No. CS-520, with Stewart & Stevenson Inc., and authorize the Acting General Manager of Public Utilities to execute this Final Contract Modification which documents the actual substantial and final completion dates, decreases the contract obligation by $189,050, and reduces the final total Contract amount to $2,992,692.47; accept work performed for Design Build Agreement No. CS-520, Southeast Cogeneration Facility Design, and authorize final payment, of the balance due in the amount of $492,658.07, to Stewart & Stevenson Inc.

8. Discussion and possible action related to Agreement No. CS-701, Hetch Hetchy Microwave Replacement. (Continued from the meeting of July 13, 2004.)

Commissioner Werbach expressed concern about the towers included in the project and the effect of their appearance on the environment, in particular at Inspiration Point. Ms. Tracy Cael, Project Manager, stated the National Park Service (NPS) proposed the site and the concern could be brought back to NPS and Hetch Hetchy Water & Power for consideration. Commissioner Werbach inquired how the Commission would know the concern was addressed, if they approved the item with the stipulation that Inspiration Point be improved. Ms. Cael stated there was a meeting scheduled in the next two weeks in which she would communicate the concern and the options for camouflaging or undergrounding the tower.

Moved by Commissioner Brooks, seconded by Vice President Costello, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 04-0126: Approve Amendment No. 1 to Agreement No. CS-701, Timberline Engineering, Inc., for additional detailed design of the communication system for Hetch Hetchy facilities to include recommendations from the Planning and Study Phase of the project, and authorize the Acting General Manager of Public Utilities to execute this amendment, which increases the agreement by $750,000, for a total agreement amount of $1,300,000, and with a time extension of 2 years, for a total agreement duration of 5 years.

9. Discussion and possible action related to an amendment to the Memorandum of Understanding with the North Coast County Water District for Environmental Consulting Services for the Sharp Park Recycled Water Project.

Mr. Emeric Kalman, San Francisco resident, asked why San Francisco was covering the design study consultation costs and how much would the recycled water cost per unit. President Normandy asked Ms. Davis to direct staff to answer his questions.

Moved by Commissioner Werbach, seconded by Commissioner Caen, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 04-0127: Authorize the Acting General Manager of Public Utilities to execute the First Amendment to the Memorandum of Understanding with the North Coast County Water District for Environmental Consulting Services for the Sharp Park Recycled Water Project.

CLOSED SESSION, CONT.

10. Public comments on matters to be discussed in Closed Session.

There were none.

11. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

Moved by Commissioner Werbach, seconded by Vice President Costello, to assert the attorney-client privilege; passed (5-0) unanimously.

The Public Utilities Commission recessed at 3:40 P.M. and reconvened in Closed Session at 3:49 P.M. to discuss Items in the following order: Items 16, 17, 18, 13 and 14.

Commissioner Caen was excused at 4:40 P.M.

16. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Clayton) (Continued from the meeting of July 13, 2004.)

Present were President Normandy, Vice President Costello, Commissioner Werbach, Commissioner Brooks, SFPUC Acting General Manager Cheryl K. Davis, SFPUC Legal Counsel Vicki Clayton, and Commission Secretary Mary Y. Jung, Real Estate Services Manager Gary Dowd, Watershed Resources Manager Joe Naras, and Deputy City Attorney Donn Furman.

Moved by Commissioner Werbach, seconded by Vice President Costello, to adopt the following resolution; passed (4-0) unanimously.

Existing Litigation: Ruth L. Sempell; Claim No. 04-03802.

Resolution No. 04-0128

Commissioner Caen returned at 4:51 P.M.

17. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Clayton) (Continued from the meeting of July 13, 2004.)

Present were President Normandy, Vice President Costello, Commissioner Caen, Commissioner Werbach, Commissioner Brooks, SFPUC Acting General Manager Cheryl K. Davis, SFPUC Legal Counsel Vicki Clayton, and Commission Secretary Mary Y. Jung, Real Estate Services Manager Gary Dowd, Watershed Resources Manager Joe Naras, and Deputy City Attorney Donn Furman.

Moved by Vice President Costello, seconded by Commissioner Brooks, to adopt the following resolution; passed (5-0) unanimously.

Existing Litigation: Constance Ong v. City and County of San Francisco;
San Francisco Superior Court No. 420-576.

Resolution No. 04-0129

18. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Clayton) (Continued from the meeting of July 13, 2004.)

Present were President Normandy, Vice President Costello, Commissioner Caen, Commissioner Werbach, Commissioner Brooks, SFPUC Acting General Manager Cheryl K. Davis, SFPUC Legal Counsel Vicki Clayton, and Commission Secretary Mary Y. Jung, Real Estate Services Manager Gary Dowd, Watershed Resources Manager Joe Naras, and Deputy City Attorney Donn Furman.

Moved by Commissioner Brooks, seconded by Vice President Costello, to adopt the following resolution; passed (5-0) unanimously.

Existing Litigation: Young S. Ahn v. City and County of San Francisco;
Unlitigated Claim No. 04-02903.

Resolution No. 04-0130

13. Conference with legal counsel pursuant to Government Code Section 54956.9 and Administrative code section 67.8. (Clayton) (Continued from the meeting of July 13, 2004.)

Present were President Normandy, Vice President Costello, Commissioner Caen, Commissioner Werbach, Commissioner Brooks, SFPUC Acting General Manager Cheryl K. Davis, SFPUC Legal Counsel Vicki Clayton, Commission Secretary Mary Y. Jung, Real Estate Services Manager Gary Dowd, Watershed Resources Manager Joe Naras, and Deputy City Attorney Donn Furman.

Moved by Vice President Costello, seconded by Commissioner Caen, to continue Item 13 to the next regular Commission meeting scheduled on August 10, 2004; passed (5-0) unanimously.

Anticipated litigation: As plaintiff. Approximately 5 cases. Unspecified to protect service of process.

14. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8: (Milstein) (Continued from the meeting of July 13, 2004.)

Present were President Normandy, Vice President Costello, Commissioner Caen, Commissioner Werbach, Commissioner Brooks, SFPUC Acting General Manager Cheryl K. Davis, SFPUC Legal Counsel Vicki Clayton, Commission Secretary Mary Y. Jung, Real Estate Services Manager Gary Dowd, Bruce Lymburn – Wendel, Rosen, Black and Dean Attorney's at Law, Consultant Dean Macris, and Deputy City Attorney Donn Furman.

Property: City of South San Francisco, at the corner of El Camino Real and Chestnut Ave., approximately 8+ acres.
Parties Negotiating: Dowd/Lymburn
City of South San Francisco
Under Negotiation: Terms and conditions

No action was taken.

15. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8: (Milstein) (Continued from the meeting of July 13, 2004.)

Present were President Normandy, Vice President Costello, Commissioner Caen, Commissioner Werbach, Commissioner Brooks, SFPUC Acting General Manager Cheryl K. Davis, SFPUC Legal Counsel Vicki Clayton, Commission Secretary Mary Y. Jung, Real Estate Services Manager Gary Dowd, Bruce Lymburn – Wendel, Rosen, Black and Dean Attorney's at Law, Consultant Dean Macris, and Deputy City Attorney Donn Furman.

Moved by Commissioner Caen, seconded by Vice President Costello, to continue Item 15 to the next regular Commission meeting scheduled on August 10, 2004; passed (5-0) unanimously.

Property: City of Mt. View, running between Whisman Rd., approximately 7 acres adjacent to pipeline r/w.
Parties Negotiating: Dowd/Lymburn
Under Negotiation: Terms and conditions

Following the Closed Session, the Commission reconvened in open session at 4:24 P.M.

19. Announcement following Closed Session.

President Normandy announced the actions taken during Closed Session.

20. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Commissioner Brooks, seconded by Vice President Costello, not to disclose the discussions during Closed Session; passed (5-0) unanimously.

There being no further business to discuss, the meeting was adjourned at 4:25 P.M.

Mary Y. Jung
Secretary

| 27 of 208 |

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WATER & POWER
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CITY AND COUNTY OF SAN FRANCISCO

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MAYOR

AGENDA

REGULAR MEETING

Tuesday, August 10, 2004
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable E. Dennis Normandy, President
The Honorable Robert J. Costello, Vice President
The Honorable Ann Moller Caen
The Honorable Adam Werbach
The Honorable Ryan L. Brooks

DEPARTMENTS
Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

BUREAUS
Customer Services
Environmental Regulation & Management
Financial Services
Human Resource Services
Information Technology Services
Infrastructure Division
Real Estate Services
Strategic & Systems Planning
Water Quality

Cheryl K. Davis
ACTING GENERAL MANAGER

Mary Y. Jung
SECRETARY

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ORDER OF BUSINESS:

1. Call to Order

2. Roll Call

3. Approval of Minutes

   a) Minutes of May 11, 2004 Regular Meeting

4. Communications

5. Old/Ongoing Business by Commissioners

6. Introduction of New Business by Commissioners

7. Report of the General Manager

   a) Capital Improvement Program Report to the State (Kelly)

   b) San Mateo County Security Hearing (DeGraca)

   c) Southeast Community Issues Report (Davis)

8. Public Comments

   Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 11th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-3424.

CONSENT CALENDAR

9. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

   a) Staff Recommendation: Award Contract No. CW-378, Water Pollution Control Division Elevator Repair and Maintenance, in the amount of $259,561, to Thyssenkrupp Elevator Corporation.

REGULAR BUSINESS

10. Public Hearing on the ***2004 Public Health Goal Report***. (Persons who are unable to attend the public hearing may submit to the City, by the time the proceedings begin, written comments regarding the subject of the hearing. These comments will be brought to the attention of the Commission and will become a part of the official public record. Written comments can be sent to Mary Jung, Commission Secretary, San Francisco Public Utilities Commission, 1155 Market Street, 11th Floor, San Francisco, CA 94103.) (Boozarpour)

    Staff Recommendation: Accept the report and submit a letter to the California Department of Health Services documenting that such a hearing was held.

11. Discussion and possible action pursuant to Charter Section 8B.126(a), relating to completion or approval of a compensation survey including findings determining water, wastewater and power systems most closely resembling the SFPUC in size, mission and complexity, for the position of General Manager of the Public Utilities Commission.

    Staff Recommendation: Adopt survey as submitted by the Mayor's Office.

12. Discussion and possible action pursuant to Charter section 8B.126 relating to approval of an employment contract between the City & County of San Francisco acting by and through its Public Utilities Commission and Susan Leal for the position of General Manager of the Public Utilities Commission.

    Staff Recommendation: Accept Employment Agreement as submitted by the Mayor's Office.

13. Discussion and possible action related to the SFPUC FY2005 Operating Budget. (Mariani)

Staff Recommendation: Adopt Resolution accepting/rejecting/reserving amendments by the Mayor and the Board of Supervisors to the SFPUC FY2005 Operating Budget.

14. Discussion and possible action related to electric rate changes for specific City departments. (Jurosek)

Staff Recommendation: Direct the General Manager of Public Utilities to implement electric rate changes for specific departments as requested by the Mayor's Office for Fiscal Years 2003/2004 and 2004/2005.

15. Discussion and possible action related to the City Emergency Drinking Water Alternatives Project. (DeGraca)

Staff Recommendation: Authorize staff to implement the initial stage of the City Emergency Drinking Water Alternatives Project plan to provide emergency drinking water after a major disaster.

16. Discussion and possible action related to cablecasting the meetings of the San Francisco Public Utilities Commission on SFGTV. (Jung)

Staff Recommendation: Approve regular cablecasting of the meetings of the San Francisco Public Utilities Commission held at City Hall by SFGTV and authorize transfer of $30,186 to the Department of Telecommunications & Information Services for this service for the remainder of Fiscal Year 2004-2005.

LEASES AND PERMITS

17. Discussion and possible action related to a permit to use approximately 4,611 square feet of SFPUC land in Redwood City. (Dowd)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute a permit with Harold Lepelley of Redwood City, to use 4,611 square feet of land located at the corner of Middlefield Road and Berkshire Avenue in Redwood City for parking.

CONSTRUCTION CONTRACTS

Amend

18. Discussion and possible action related to Contract No. WD-2422, Alameda Portals Valve Upgrades. (DeSaurre)

    Staff Recommendation: Approve Modification No. 2 to Contract No. WD-2422 , increasing the contract by $150,000, for a total contract amount of $1,181,496, and with a time extension of 14 consecutive calendar days, for a total contract duration of 314 days.

19. Discussion and possible action related to Contract No. WD-2452, Tesla Portal Roadway Improvement. (Tam)

    Staff Recommendation: Approve Modification No. 2 to Contract No. WD-2452, for a time extension of 48 consecutive calendar days, for a total contract duration of 123 consecutive days.

CLOSED SESSION

20. Public comments on matters to be discussed in Closed Session.

21. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

22. Threat to Public Services or Facilities – Pursuant to Government Code Section 54957 and Administrative Code 67.10(a). (Clayton)

    Consultation with: Sheriff Michael Hennessey concerning security of SFPUC Water and Power Systems.

23. Conference with legal counsel pursuant to Government Code Section 54956.9 and Administrative Code section 67.10(d). (Clayton)

Anticipated litigation: As plaintiff. Approximately 5 cases. Unspecified to protect service of process.

24. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9 and Administrative Code 67.10. (Clayton)

Existing Litigation: Coral Construction, Inc. v. City and County of San Francisco (Consolidated Case with Shram Construction v. CCSF) Superior Court Case No. 421249, filed 9-12-2000

25. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9 and Administrative Code 67.10(d). (Clayton)

Threatened Litigation: As defendant concerning access to Marsh Road, Santa Clara County.

26. Conference with Labor Negotiator – Pursuant to Government Code Section 54957.6 (a) and Administrative Code Section 67.10(e). (Ross)

Negotiator: Steve Kawa, Chief of Staff, Office of the Mayor
Individual contract with the General Manager, Public Utilities Commission
Pursuant to Charter Section 8B.126(a)
Issues: All terms and conditions

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN PUBLIC SESSION.

27. Announcement following Closed Session.

28. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT

City and County of San Francisco
Public Utilities Commission
1155 Market Street, 11th Floor
San Francisco, CA 94103

Gavin Newsom
MAYOR

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MINUTES

Tuesday, August 10, 2004
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable E. Dennis Normandy, President
The Honorable Robert J. Costello, Vice President
The Honorable Ann Moller Caen
The Honorable Adam Werbach
The Honorable Ryan L. Brooks

DEPARTMENTS	BUREAUS
Water Department	Customer Service
City Distribution Division	Environmental Regulation & Managemer
Water Supply & Treatment	
Hetch Hetchy Water & Power	Financial Services
Clean Water Program	Human Resource Services
Water Pollution Control	Information Technology Services
	Infrastructure Division
	Real Estate Services
	Strategic & Systems Planning
	Water Quality

Cheryl K. Davis
ACTING GENERAL MANAGER

Mary Y. Jung
SECRETARY

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ORDER OF BUSINESS:

1. Call to Order: 1:37 P.M.

2. Roll Call: Present – President E. Dennis Normandy, Vice President Robert J. Costello, Commissioner Ann Moller Caen, Commissioner Ryan L. Brooks

Excused - Commissioner Adam Werbach

3. Approval of Minutes

a) Minutes of May 11, 2004 Regular Meeting

The minutes were continued to the next Regular meeting.

4. Communications

President Normandy asked Ms. Cheryl Davis, Acting General Manager of Public Utilities, to respond to the letters from Mr. Art Jensen, Mr. Ben Lurch, Ms. Kimberly Schroeder and Ms. Madison Sinclaire.

President Normandy asked the Commission Secretary to poll the Commissioners regarding an invitation from the Tuolumne River Trust regarding a river tour and to ascertain if this will cause quorum issues under the Brown Act and Sunshine Laws.

5. Old/Ongoing Business by Commissioners

President Normandy asked the City Attorney for a written definition of surplus funds to be provided at a later date. He specified the information should not be privileged or confidential.

6. Introduction of New Business by Commissioners

President Normandy asked the Commission Secretary to include

"Commissioner Reports" after "New Business" on the agendas for future regular meetings.

The Commission took the agenda out of order to go into Closed Session with Item 22.

20. Public comments on matters to be discussed in Closed Session.

Mr. Francisco Da Costa, Environmental Justice Advocacy, stated he used to be in charge of a few buildings that stored explosives and was shocked to learn about the incident at Crystal Springs. He asked that the SFPUC have standard operating procedures which are reviewed every month.

21. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

Moved by Vice President Costello, seconded by Commissioner Brooks, to assert the attorney-client privilege; passed (4-0) unanimously.

The Public Utilities Commission met in Closed Session at 1:57 P.M. to discuss the following matters:

22. Threat to Public Services or Facilities – Pursuant to Government Code Section 54957 and Administrative Code 67.10(a). (Clayton)

Present were President Normandy, Vice President Costello, Commissioner Caen, Commissioner Brooks, Acting General Manager Cheryl Davis, Deputy City Attorney Vicki Clayton, Commission Secretary Mary Jung, Acting Assistant General Manager of Operations Andrew DeGraca, Water Resources Manager Joe Naras, and Deputy Sheriff Vicki Hennessey.

Consultation with: Sheriff Michael Hennessey concerning security of SFPUC Water and Power Systems.

No action was taken.

The Commission reconvened in Open Session at 2:27 P.M.

27. Announcement following Closed Session.

President Normandy announced the actions taken during Closed Session.

28. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Commissioner Brooks, seconded by Vice President Costello, not to disclose the discussions during Closed Session; passed (4-0) unanimously.

The Commission continued with the agenda in order.

7. Report of the General Manager

a) Capital Improvement Program (CIP) Report to the State

Mr. Harlan Kelly, Jr., Assistant General Manager of Infrastructure, outlined the schedule for report submissions to the State to be in compliance with AB1823. He announced the Public Hearing will be held on September 28th and asked the Commission to schedule a special meeting before the hearing to focus on CIP issues.

b) San Mateo County Security Hearing

Mr. Andrew DeGraca, Acting Assistant General Manager of Operations, reported there was a Special Hearing on August 2nd on Homeland Security Monitoring of Explosive Storage Facilities in San Mateo County. The focus of the meeting was on necessary improvements for explosives storage, regulations, and homeland security funding distribution.

c) Southeast Community Issues Report

Ms. Davis stated SFPUC staff had been working with Vice President Costello and Commissioner Brooks on the Southeast issues. She reported personnel reassignment changes had occurred and staff was exploring opportunities to groom people for promotional opportunities. She invited Ms. Stephanie Allen, Business Representative for Local 39, to address the Commission.

Public Comment:

Ms. Allen thanked the Commission for the recent changes in the management at the Southeast plant and stated this will lead to improved morale.

Ms. Espanola Jackson, San Francisco resident, expressed she enjoyed hearing Ms. Davis' report and hoped for more such reports in the future.

Mr. Da Costa reminded the Commissioners that Hetch Hetchy was originally taken from the Miwok Indians and San Francisco had not done a good job of maintaining the water system.

Ms. Davis reported there was a significant fire at Hetch Hetchy near

Early Intake that had an impact on operations. Over 500 acres were affected and two power houses were out of operation. She noted water delivery hadn't been impacted.

8. Public Comments on matters not on today's agenda.

Ms. Eva Skoufis, Laundromat owner, stated she found the rate chart to be confusing and she had been overcharged. President Normandy asked Ms. Davis to designate a staff person to work with her.

Mr. Edmund Jew, President of Sewer Water Efficiency and Affordability Plan, applauded the incoming General Manager giving back 15% of her salary and was pleased the contract was in line with Civil Service regulations.

The Commission took a recess at 3:00 P.M. and reconvened at 3:11 P.M.

CONSENT CALENDAR

9. Moved by Caen, seconded by Vice President Costello, to adopt Item 9(a) listed under the Consent Calendar; passed (4-0) unanimously.

a) Resolution No. 04-0131: Award Contract No. CW-378, Water Pollution Control Division Elevator Repair and Maintenance, in the amount of $259,561, to Thyssenkrupp Elevator Corporation.

REGULAR BUSINESS

10. Public Hearing on the 2004 Public Health Goal Report.

Mr. Manoucher Boozarpour, Water Quality Engineering Manager, explained the Public Health Goal Report and the hearing are regulatory requirements to present the reports' findings and respond to public comment. This is the third report that has been submitted. The report bases its findings on health considerations, not economic or technical feasibility studies. The report also outlines measures implemented to deal with health considerations.

Moved by Vice President Costello, seconded by Commissioner Caen, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 04-0132: Accept the report and submit a letter to the California Department of Health Services documenting that such a hearing was held.

11. Discussion and possible action pursuant to Charter Section 8B.126(a), relating to completion or approval of a compensation survey including findings determining water, wastewater and power systems most closely resembling the SFPUC in size, mission and complexity, for the position of General Manager of the Public Utilities Commission.

President Normandy explained the process for hiring the General Manager and noted that the Commission voted that the Mayor's Office act as the negotiating authority for this contract.

Ms. Therese Madden, Manager of Human Resources, stated the salary recommendation is in keeping with the salary surveys conducted for the General Manager's position.

Moved by President Normandy, seconded by Vice President Costello, to adopt the following survey; passed (4-0) unanimously.

12. Discussion and possible action pursuant to Charter section 8B.126 relating to approval of an employment contract between the City & County of San Francisco acting by and through its Public Utilities Commission and Susan Leal for the position of General Manager of the Public Utilities Commission.

Ms. Susan Leal addressed the Commission and stated her highest priority is to revamp the SFPUC to address deficiencies and increase productivity.

Public Comment:

Mr. Kalman stated it was improper for Mayor Gavin Newsom to submit names for the position, that the position should have been publicly advertised and the salary survey was self-serving.

Mr. Jim Salinas, Business Manager for the Carpenter's Union, stated he supports Ms. Leal's appointment to the General Manager position

Items 11 and 12 were continued to the end of the meeting.

13. Discussion and possible action related to the SFPUC FY2005 Operating Budget.

Moved by President Normandy, seconded by Commissioner Brooks, to continue Item 13 to the next regular Commission meeting scheduled on August 24, 2004; passed (4-0) unanimously.

Staff Recommendation: Adopt Resolution accepting/rejecting/reserving amendments by the Mayor and the Board of Supervisors to the SFPUC FY2005 Operating Budget.

14. Discussion and possible action related to electric rate changes for specific City departments.

Moved by President Normandy, seconded by Commissioner Brooks, to continue Item 14 to the next regular Commission meeting scheduled on August 24, 2004; passed (4-0) unanimously.

Staff Recommendation: Direct the General Manager of Public Utilities to implement electric rate changes for specific departments as requested by the Mayor's Office for Fiscal Years 2003/2004 and 2004/2005.

15. Discussion and possible action related to the City Emergency Drinking Water Alternatives Project.

Moved by President Normandy, seconded by Commissioner Brooks, to continue Item 15 to the next regular Commission meeting scheduled on August 24, 2004; passed (4-0) unanimously.

Staff Recommendation: Authorize staff to implement the initial stage of the City Emergency Drinking Water Alternatives Project plan to provide emergency drinking water after a major disaster.

16. Discussion and possible action related to cablecasting the meetings of the San Francisco Public Utilities Commission on SFGTV.

Commission Caen expressed concern the meetings would not have a regular playback time on the schedule and would be difficult to find.

Moved by Commissioner Caen, seconded by Vice President Costello, to reject the following resolution; passed (3-1). Commissioner Brooks voted no.

Staff Recommendation: Approve regular cablecasting of the meetings of the San Francisco Public Utilities Commission held at City Hall by SFGTV and authorize transfer of $30,186 to the Department of Telecommunications & Information Services for this service for the remainder of Fiscal Year 2004-2005.

LEASES AND PERMITS

17. Discussion and possible action related to a permit to use approximately 4,611 square feet of SFPUC land in Redwood City.

Moved by Vice President Costello, seconded by Commissioner Brooks, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 04-0134: Authorize the General Manager of Public

Utilities to execute a permit with Harold Lepelley of Redwood City, to use 4,611 square feet of land located at the corner of Middlefield Road and Berkshire Avenue in Redwood City for parking.

CONSTRUCTION CONTRACTS

Amend

18. Discussion and possible action related to Contract No. WD-2422, Alameda Portals Valve Upgrades.

Moved by Vice President Costello, seconded by Commissioner Caen, to adopt the following resolution; passed (4-0) unanimously.

. Resolution No. 04-0135: Approve Modification No. 2 to Contract No. WD-2422 , increasing the contract by $150,000, for a total contract amount of $1,181,496, and with a time extension of 14 consecutive calendar days, for a total contract duration of 314 days.

19. Discussion and possible action related to Contract No. WD-2452, Tesla Portal Roadway Improvement.

Moved by Commissioner Caen, seconded by Vice President Costello, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 04-0136: Approve Modification No. 2 to Contract No. WD-2452, for a time extension of 48 consecutive calendar days, for a total contract duration of 123 consecutive days.

CLOSED SESSION

20. Public comments on matters to be discussed in Closed Session.

There were none.

21. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

Moved by Commissioner Brooks, seconded by Vice President Costello, to assert the attorney-client privilege; passed (4-0) unanimously.

The Public Utilities Commission met in Closed Session at 4:41 P.M. to discuss the following matters:

23. Conference with legal counsel pursuant to Government Code Section 54956.9 and Administrative Code section 67.10(d). (Clayton)

Present were: President Normandy, Vice President Costello, Commissioner Caen, Commissioner Brooks, Acting General Manager Cheryl Davis, Deputy City Attorney Vicki Clayton, Commission Secretary Mary Jung, Watershed Resources Manager Joe Naras, Real Estate Manager Gary Dowd, Deputy City Attorney Marty Greenman and Deputy City Attorney Hazel Brandt.

Anticipated litigation: As plaintiff. Approximately 5 cases. Unspecified to protect service of process.

No action was taken.

24. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9 and Administrative Code 67.10. (Clayton)

Moved by Commissioner Brooks, seconded by Vice President Costello, to continue Item 24 to the next regular Commission meeting scheduled on August 24, 2004; passed (4-0) unanimously.

Existing Litigation: Coral Construction, Inc. v. City and County of San Francisco
(Consolidated Case with Shram Construction v. CCSF)
Superior Court Case No. 421249, filed 9-12-2000.

25. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9 and Administrative Code 67.10(d). (Clayton)

Moved by Commissioner Brooks, seconded by Vice President Costello, to continue Item 24 to the next regular Commission meeting scheduled on August 24, 2004; passed (4-0) unanimously.

Threatened Litigation: As defendant concerning access to Marsh Road, Santa Clara County.

26. Conference with Labor Negotiator – Pursuant to Government Code Section 54957.6 (a) and Administrative Code Section 67.10 (e). (Ross)

Present were: President Normandy, Vice President Costello, Commissioner Caen, Commissioner Brooks, Deputy City Attorney Vicki Clayton, Commission Secretary Mary Jung, Deputy City Attorney Linda Ross, and Special Assistant to the Mayor Michael Farrah.

Negotiator: Steve Kawa, Chief of Staff, Office of the Mayor
Individual contract with the General Manager, Public Utilities Commission Pursuant to Charter Section 8B.126(a)
Issues: All terms and conditions

No action was taken.

Following the Closed Session, the Commission reconvened in open session at 5:46 P.M.

27. Announcement following Closed Session.

President Normandy announced the actions taken during Closed Session.

28. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Vice President Costello, seconded by Commissioner Brooks, not to disclose the discussions during Closed Session; passed (4-0) unanimously.

REGULAR BUSINESS, CONT.

11. Discussion and possible action pursuant to Charter Section 8B.126(a), relating to completion or approval of a compensation survey including findings determining water, wastewater and power systems most closely resembling the SFPUC in size, mission and complexity, for the position of General Manager of the Public Utilities Commission.

Moved by President Normandy, seconded by Vice President Costello, to adopt the following survey; passed (4-0) unanimously.

Staff Recommendation: Adopt survey as submitted by the Mayor's Office.

12. Discussion and possible action pursuant to Charter section 8B.126 relating to approval of an employment contract between the City & County of San Francisco acting by and through its Public Utilities Commission and Susan Leal for the position of General Manager of the Public Utilities Commission.

Moved by President Normandy, seconded by Vice President Costello, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 04-0133: Accept Employment Agreement as submitted by the Mayor's Office.

There being no further business to discuss, the meeting was adjourned at 5:59 P.M.

Mary Y. Jung

Secretary

| 26 of 208 |

Learn more about related Organizations at SFPUC:
Commission

For Questions about this item, please contact us.

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SFPUC

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CLEAN WATER

SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Gavin Newsom
MAYOR

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AGENDA

REGULAR MEETING

August 24, 2004
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

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2
8/24/04

COMMISSIONERS

The Honorable E. Dennis Normandy, President
The Honorable Robert J. Costello, Vice President
The Honorable Ann Moller Caen
The Honorable Adam Werbach
The Honorable Ryan L. Brooks

DEPARTMENTS
Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

BUREAUS
Customer Services
Environmental Regulation & Management
Financial Services
Human Resource Services
Information Technology Services
Infrastructure Division
Real Estate Services
Strategic & Systems Planning
Water Quality

Cheryl K. Davis
ACTING GENERAL MANAGER

Mary Y. Jung
SECRETARY

For information, contact the Commission Secretary at 554-3165.
Agenda and other information are available on the SFPUC web site: www.sfwater.org.

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Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Donna Hall, Clerk, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: Donna.Hall@sfgov.org. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org.

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ORDER OF BUSINESS:

1. Call to Order

2. Roll Call

3. Approval of Minutes

   a) Minutes of the May 11, 2004 Regular Meeting
   (Continued from the meeting of August 10, 2004.)

   b) Minutes of the May 25, 2004 Regular Meeting

4. Communications

5. Old/Ongoing Business by Commissioners

6. Introduction of New Business by Commissioners

7. Commission Business

   a) Staffing of Commission Office

8. Report of the General Manager

   a) Capital Improvement Program Update (Kelly)

   b) Sewer Flooding Mitigation and Preparedness (Lee)

   c) Early Intake Fire Report (Larramendy)

   d) AWWA 2005 Annual Conference (DeGraca)

   e) Southeast Community Outreach (Davis)

9. Bay Area Water Supply & Conservation Agency (BAWSCA) General Manager's Report

   a) BAWSCA Update (Jensen)

10. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 11th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-3424.

REGULAR BUSINESS

11. Discussion and possible action related to the SFPUC FY 2005 Operating Budget. (Continued from the meeting of August 10, 2004.) (Mariani)

Staff Recommendation: Adopt Resolution accepting/rejecting/reserving amendments by the Mayor and the Board of Supervisors to the SFPUC FY2005 Operating Budget.

12. Discussion and possible action related to electric rate changes for specific City departments. (Continued from the meeting of August 10, 2004.) (Jurosek)

Staff Recommendation: Direct the Acting General Manager of Public Utilities to implement electric rate changes for specific departments as requested by the Mayor's Office for Fiscal Years 2003/2004 and 2004/2005.

13. Discussion and possible action related to the City Emergency Drinking Water Alternatives Project. (Continued from the meeting of August 10, 2004.) (DeGraca)

Staff Recommendation: Authorize staff to implement the initial stage of the "City Emergency Drinking Water Alternatives Project" plan to provide emergency drinking water after a major disaster.

14. Discussion and possible action related to the Generator Special Facilities Agreement. (Labonte)

Staff Recommendation: Authorize the Acting General Manager of Public Utilities to enter into an agreement with Pacific Gas and Electric Company, hereby referred to as Generator Special Facilities Agreement, for the San Francisco Electric Reliability Project to be located at the Potrero Power Plant site.

15. Discussion and possible action related to electric service to Treasure Island and Yerba Buena Island. (Jurosek)

Staff Recommendation: Approve resolution for two contracts with the U.S. Department of Energy Western Area Power Administration (WAPA) for electric service to Treasure Island (TI) and Yerba Buena Island (YBI). These two contracts would provide customer products supplementing the City's existing Base Resource Power Purchase Agreement with WAPA. One contract would enable WAPA to act as the City's Scheduling Coordinator with the California Independent System Operator and the other contract would require WAPA to provide supplemental power to meet load requirements at TI and YBI as well as balance loads and resources as Portfolio Manager.

16. Discussion and possible action related to reallocation of funds to Project No. CUH878 – O'Shaughnessy Dam Supply and Contract No. HH-902 – O'Shaughnessy Dam Discharge Modifications. (Cael)

Staff Recommendation: Approve a reallocation of funds in the amount of $500,000 from Project No. CUH762 - San Joaquin Pipeline Repair, to Project No. CUH878 – O'Shaughnessy Dam Supply, to provide additional funds for the completion of the remaining work for Contract No. HH-902, O'Shaughnessy Dam Discharge Modifications.

LEASES AND PERMITS

17. Discussion and possible action related to a Memorandum of Understanding with the Recreation and Park Commission regarding La Grande Tank. (Dowd)

Staff Recommendation: Authorize the Acting General Manager of Public Utilities to execute a Memorandum of Understanding with San Francisco Recreation and Park Commission, which will

allow the SFPUC access to the southeast quadrant of John McLaren Park to construct, occupy, and maintain property known as SFPUC's La Grande Tank.

CONSTRUCTION CONTRACTS

Award

18. Discussion and possible action related to Contract No. WD-2398R, Merced Manor Reservoir Upgrade. (Continued from the meeting of July 21, 2004.) (Toloui)

    Staff Recommendation: Award Contract No. WD-2398R, in the amount of $5,488,051, to Proven Management, Inc.

PROFESSIONAL SERVICE CONTRACTS

Amend

19. Discussion and possible action related to Agreement No. CS-664, Emergency Management Services. (DeGraca)

    Staff Recommendation: Approve Amendment No. 3 to Agreement No. CS-664, with Barbara Foster and Associates, to develop an exercise design, planning, logistics, execution and after action write up of the SFPUC security exercise, and supply documentation in order to be reimbursed by the Department of Homeland Security/Urban Area Security Initiative reimbursable grant program, and authorize the Acting General Manager of Public Utilities to execute this amendment, increasing the agreement by $80,000, for a total agreement amount of $256,000, and with a time extension of 303 consecutive calendar days, for a total agreement duration of 1033 consecutive calendar days, ending June 30, 2005.

CLOSED SESSION

20. Public comments on matters to be discussed in Closed Session.

21. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

22. Threat to Public Services or Facilities – Pursuant to Government Code Section 54957 and Administrative Code 67.10(a). (Clayton)

    Consultation with: Sheriff Michael Hennessey concerning security of SFPUC Water and Power Systems.

23. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9 and Administrative Code 67.10(d). (Clayton) (Continued from the meeting of August 10, 2004.)

    Threatened Litigation: As defendant concerning access to Marsh Road, Santa Clara County.

24. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9 and Administrative Code 67.10. (Clayton) (Continued from the meeting of August 10, 2004.)

    Existing Litigation: Coral Construction, Inc. v. City and County of San Francisco (Consolidated Case with Shram Construction v. CCSF); Superior Court Case No. 421249, filed 9-12-2000.

25. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Clayton)

    Existing Litigation: Mehran Esmaili, et al v. City of Millbrae, et al; Santa Clara Superior Court No. 1 02 CV 805070.

26. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Clayton)

    Existing Litigation: San Francisco Giants Dugout Store; Claim No. 04-03190.

27. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Clayton)

    Existing Litigation: State Farm Insurance v. City & County of San Francisco; Claim No. 04-01741.

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN PUBLIC SESSION.

28. Announcement following Closed Session.

29. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT

City and County of San Francisco
Public Utilities Commission
1155 Market Street, 11th Floor
San Francisco, CA 94103

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Power
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8/24/04 Minutes SFPUC Commission

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Gavin Newsom
MAYOR

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MINUTES

August 24, 2004
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable E. Dennis Normandy, President
The Honorable Robert J. Costello, Vice President
The Honorable Ann Moller Caen
The Honorable Adam Werbach
The Honorable Ryan L. Brooks

DEPARTMENTS	BUREAUS
Water Department	Customer Service
City Distribution Division	Environmental Regulation & Managemer
Water Supply & Treatment	
Hetch Hetchy Water & Power	Financial Services
Clean Water Program	Human Resource Services
Water Pollution Control	Information Technology Services
	Infrastructure Division
	Real Estate Services
	Strategic & Systems Planning
	Water Quality

Cheryl K. Davis
ACTING GENERAL MANAGER

Mary Y. Jung
SECRETARY

Disability Access

The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commissic meeting room is wheelchair accessible. The closest accessible BART

station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #47 Van Ness, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Mary Y. Jung at (415) 554-3165 or our TTY at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

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ORDER OF BUSINESS:

1. Call to Order: 1:35 P.M.

2. Roll Call: Present – President E. Dennis Normandy, Vice President Robert J. Costello, Commissioner Ann Moller Caen, Commissioner Ryan L. Brooks

Excused - Commissioner Adam Werbach

3. Approval of Minutes

Moved by President Normandy, seconded by Commissioner Caen, to continue adoption of the Minutes of the May 11, 2004 Regular Meeting and the May 25, 2004 Regular Meeting to the next regular Commission meeting on September 14, 2004; passed (4-0) unanimously.

4. Communications

No action was taken.

5. Old/Ongoing Business by Commissioners

Commissioner Caen requested a report at the next meeting on the Bottled Water Project and an update on the Budget Task Force

President Normandy asked staff to maximize the benefits of the reopening of the Pulgas Water Temple. He also suggested that the one-year anniversary of the opening of the Bay Area Ridge Trail could also be a separate event.

Commissioner Brooks asked about the status of the Red Oak Study. President Normandy replied Phase 1 and 2 had been completed in draft form and it would be reported on after the new General Manager starts.

6. Introduction of New Business by Commissioners

Commissioner Caen requested a Final Audit Report from the Finance Division to be presented at the next meeting.

7. Commission Business

a) Staffing of Commission Office

President Normandy stated Ms. Janet L. Elliott would be leaving the Commission Office and expressed his gratitude for her efforts and asked that an additional staff person be added to the Office due to the increase in responsibilities.

President Normandy also noted the next meeting would be an appropriate time for Commissioner Werbach to issue a report on policy issues and Commissioner Brooks and Vice President Costello to report on any findings regarding issues in the Southeast community.

8. Report of the General Manager

a) Capital Improvement Program (CIP) Update

Mr. Harlan Kelly, Jr., Assistant General Manager of Infrastructure, presented the CIP report that combined the State Report with the annual update.

President Normandy requested the Commission Secretary set up a Special Meeting for September 9 to focus on the CIP.

Mr. Kelly continued with his report and presented an overview of the report and the changes to the CIP, noting that some projects were ahead of schedule and some were not. President Normandy requested that future reports highlight how the CIP was performing compared to the requirements of AB 1823.

b) Sewer Flooding Mitigation and Preparedness

Mr. Andrew Lee, Utility Specialist, presented an update on SFPUC's emergency response and mitigation activities related to flooding and provided details on immediate mitigation activities in response to the February storms. He also provided a road map on long-term future plans to address flooding. Mr. Lee reported SFPUC had been working with many City departments and would be participating in disaster field and training exercises in the Fall 2004.

Public Comment:

Mr. Francisco Da Costa, Environmental Justice Advocacy, asked about the status of the sewer system and asked if the size of the pipes were being taken into account when residential and commercial developments were built.

Mr. Emeric Kalman, San Francisco resident, asked if the SFPUC has considered how human waste would be disposed of in an emergency if there was not enough water.

Ms. Cheryl Davis, Acting General Manager of Public Utilities, offered to provide a report on the state of the sewer system, including age, number of miles, and composition.

President Normandy took the agenda out of order and called Item 14.

14. Discussion and possible action related to the Generator Special Facilities Agreement.

Commissioner Caen asked staff to report back on the feasibility and cost savings of entering into a monthly agreement instead of the proposed annual agreement.

Moved by Commissioner Caen, seconded by Vice President Costello, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 04-0137: Authorize the Acting General Manager of Public Utilities to enter into an agreement with Pacific Gas and Electric Company, hereby referred to as Generator Special Facilities Agreement, for the San Francisco Electric Reliability Project to be located at the Potrero Power Plant site.

President Normandy proceeded with the agenda, returning to Item 8c.

Commissioner Caen was excused at 3:05 P.M. and returned at 3:10 P.M.

Vice President Costello was excused at 3:07 P.M. and returned at 3:10 P.M.

c) Early Intake Fire Report

Mr. Don Larramendy, Acting Manager of Water Operations for Hetch Hetchy, updated the Commission on the fire at Early Intake from August 9th – 14th. He presented photos of the affected area and the damage it caused and stated he would return to the Commission with a Declaration of Emergency at the next meeting.

d) AWWA 2005 Annual Conference

Mr. Andrew DeGraca, Acting Assistant General Manager of Operations, announced San Francisco would be the host city of the AWWA 2005 Annual Conference in June 2005. He reported 12-13,000 people from 40-60 countries would be participating.

e) Southeast Community Outreach

Ms. Davis announced SFPUC would be hiring a Training Coordinator for the 9916 Program – Public Service Aide and SFPUC was also considering installing a satellite office at the Southeast Facility Commission (SEFC). She also reported Ms. Marla Jurosek, Acting Manager of Hetch Hetchy Water & Power, had been invited by the SEFC to speak about streetlights and the role they play in preventing crime.

Public Comment:

Mr. Da Costa stated the residents of Bay View Hunters Point did not want combustion turbines in their community.

Mr. Roland Sheppard, San Francisco resident, stated promises were made in the past to spend $15 billion for the Hunter's Point community, but nothing had been done.

Ms. Espanola Jackson, San Francisco resident, stated rents received at the Southeast Facility Commission were supposed to go into a nonprofit corporation, but this also was never done.

9. Bay Area Water Supply & Conservation Agency (BAWSCA) General Manager's Report

a) BAWSCA Update

Mr. Art Jensen, BAWSCA General Manager, reported the recently released CIP report was highly complex because it did three things: 1) it was the report to the Board of Supervisors (BOS) as required by Proposition E, 2) it served as the status report to the State of California on progress made on the regional projects, and 3) it was the transmittal document for revisions to the schedules of the capital projects.

President Normandy called for a short recess at 3:46 P.M.

The meeting was reconvened at 3:59 P.M.

10. Public Comments on matters not on today's agenda.

Ms. Jackson asked the Commission to reconsider cablecasting SFPUC meetings because it difficult for seniors in Bay View Hunter's Point to attend the meetings.

Ms. Eva Skoufis, Laundromat owner, stated she thought the SFPUC should publicly publish all business rates, not just a select few.

Ms. Mishoa Lee, SFUSD teacher and Hunter's Point resident, commended SFPUC and Ms. Davis for her work with the Youth Employment Council.

Mr. Sheppard stated the General Manager had not responded to his letter of July 13th regarding racism at the Southeast plant.

Mr. Kevin Williams, San Francisco resident, showed a picture of a noose from over a year ago and stated an SFPUC employee was disciplined every time she came before the Commission.

President Normandy asked the City Attorney to prepare a report for Closed Session regarding the types of activities Commissioners could undertake and what could be addressed under public record.

REGULAR BUSINESS

President Normandy called Items 11 and 12 together.

11. Discussion and possible action related to the SFPUC FY 2005 Operating Budget. (Continued from the meeting of August 10, 2004.)

Moved by Commissioner Brooks, seconded by Commissioner Caen, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 04-0138: Adopt Resolution accepting/rejecting/reserving amendments by the Mayor and the Board of Supervisors to the SFPUC FY2005 Operating Budget.

Public Comment:

Ms. Lee asked the Commission to accept the Adopt a Watershed proposal.

Ms. Pia Valentino, Program Director for the Office of Samoan Affairs, asked the Commission to support the Community Scholars Program.

Ms. Joan Girardot, Coalition of San Francisco Neighborhoods, stated the interests of the ratepayers were incongruent with the interests of the people served by the City's General Fund and that the

Commissioners should put the ratepayers first.

12. Discussion and possible action related to electric rate changes for specific City departments. (Continued from the meeting of August 10, 2004.)

Moved by Vice President Costello, seconded by Commissioner Brooks, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 04-0139: Direct the Acting General Manager of Public Utilities to implement electric rate changes for specific departments as requested by the Mayor's Office for Fiscal Years 2003/2004 and 2004/2005.

Due to time constraint, President Normandy inquired what agenda items could be continued. It was determined Item 15 could be continued.

13. Discussion and possible action related to the City Emergency Drinking Water Alternatives Project. (Continued from the meeting of August 10, 2004.)

Moved by Commissioner Brooks, seconded by Vice President Costello, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 04-0140: Authorize staff to implement the initial stage of the "City Emergency Drinking Water Alternatives Project" plan to provide emergency drinking water after a major disaster.

15. Discussion and possible action related to electric service to Treasure Island and Yerba Buena Island.

Moved by Vice President Costello, seconded by Commissioner Caen, to continue Item 15 to the next regular Commission meeting scheduled on September 14, 2004; passed (4-0) unanimously.

Staff Recommendation: Approve resolution for two contracts with the U.S. Department of Energy Western Area Power Administration (WAPA) for electric service to Treasure Island (TI) and Yerba Buena Island (YBI). These two contracts would provide customer products supplementing the City's existing Base Resource Power Purchase Agreement with WAPA. One contract would enable WAPA to act as the City's Scheduling Coordinator with the California Independent System Operator and the other contract would require WAPA to provide supplemental power to meet load requirements at TI and YBI as well as balance loads and resources as Portfolio Manager.

16. Discussion and possible action related to reallocation of funds to Project No. CUH878 – O'Shaughnessy Dam Supply and Contract No.

HH-902 – O'Shaughnessy Dam Discharge Modifications.

Moved by Vice President Costello, seconded by Commissioner Caen, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 04-0141: Approve a reallocation of funds in the amount of $500,000 from Project No. CUH762 - San Joaquin Pipeline Repair, to Project No. CUH878 – O'Shaughnessy Dam Supply, to provide additional funds for the completion of the remaining work for Contract No. HH-902, O'Shaughnessy Dam Discharge Modifications.

LEASES AND PERMITS

17. Discussion and possible action related to a Memorandum of Understanding with the Recreation and Park Commission regarding La Grande Tank.

Moved by President Normandy, seconded by Commissioner Caen, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 04-0142: Authorize the Acting General Manager of Public Utilities to execute a Memorandum of Understanding with San Francisco Recreation and Park Commission, which will allow the SFPUC access to the southeast quadrant of John McLaren Park to construct, occupy, and maintain property known as SFPUC's La Grande Tank.

CONSTRUCTION CONTRACTS

Award

18. Discussion and possible action related to Contract No. WD-2398R, Merced Manor Reservoir Upgrade. (Continued from the meeting of July 21, 2004.)

Public Comment:

Mr. Mike Silva, Mitchell Engineering, thanked the Commissioners for their indulgence and stated he agreed it was in the City's best interests to move forward on this contract, even though his company would not be the contractor.

Moved by Vice President Costello, seconded by Commissioner Brooks, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 0143: Award Contract No. WD-2398R, in the amount of $5,488,051, to Proven Management, Inc.

PROFESSIONAL SERVICE CONTRACTS

Amend

19. Discussion and possible action related to Agreement No. CS-664, Emergency Management Services.

President Normandy clarified it was Amendment No. 1 not No. 3.

Moved by Commissioner Brooks, seconded by Vice President Brooks, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 04-0144: Approve Amendment No. 3 to Agreement No. CS-664, with Barbara Foster and Associates, to develop an exercise design, planning, logistics, execution and after action write up of the SFPUC security exercise, and supply documentation in order to be reimbursed by the Department of Homeland Security/Urban Area Security Initiative reimbursable grant program, and authorize the Acting General Manager of Public Utilities to execute this amendment, increasing the agreement by $80,000, for a total agreement amount of $256,000, and with a time extension of 303 consecutive calendar days, for a total agreement duration of 1033 consecutive calendar days, ending June 30, 2005.

CLOSED SESSION

20. Public comments on matters to be discussed in Closed Session.

Mr. James Somers, Friends of Marsh Road, addressed Item 23 and questioned the staff report on closing Marsh Road, noting that the report was rife with incorrect information and sensationalized a few misdemeanors and unproven allegations.

President Normandy asked staff to provide additional information.

Moved by Vice President Costello, seconded by Commissioner Caen, to continue the entire Closed Session, Items 21-29 to the next regular Commission meeting on September 14, 2004; passed (4-0) unanimously.

21. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

22. Threat to Public Services or Facilities – Pursuant to Government Code Section 54957 and Administrative Code 67.10(a). (Clayton)

Consultation with: Sheriff Michael Hennessey concerning security of SFPUC Water and Power Systems.

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Threatened Litigation: As defendant concerning access to Marsh Road, Santa Clara County.

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25. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Clayton)

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27. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Clayton)

Existing Litigation: State Farm Insurance v. City & County of San Francisco;
Claim No. 04-01741.

28. Announcement following Closed Session.

29. Motion regarding whether to disclose the discussions during Closed Session.

There being no further business to discuss, the meeting was adjourned at 5:51 P.M.

Mary Y. Jung
Secretary

Learn more about related Organizations at SFPUC:
Commission

For Questions about this item, please contact us.

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